



January 30, 2023

Honorable Adam Smith, Chair
Honorable Brian Bergkamp, Vice-Chair
Honorable Tom Sawyer, Ranking Minority Member and Members of the Committee
State Capitol, Topeka, Kansas

Re: House Bill 2041 Sales Tax Exemptions for Community Theaters

Honorable Representatives:

I am a Trustee and Past-President of the Board of Trustees for the Topeka Performing Arts Center (TPAC). The day you had the hearing on HB 2041, the TPAC board was concluding its interviews with prospective executive directors, and I was unable to attend. Please accept this letter **in support of HB2041**.

TPAC is a collector of both sales tax on tickets, food and merchandise sold to the public, and of alcohol tax on drinks and liquor. In 2022 TPAC remitted approximately \$80,000 in sales taxes to Kansas. Prepandemic, in 2019 we remitted \$105,000. Taxing ticket and alcohol sales is appropriate and in accordance with a long-standing policy to apply Kansas sales taxes to recreational activities and to the sale of alcoholic beverages. We are not asking to change this policy or be exempt from this requirement.

TPAC is supported by the City of Topeka which provides an operating subsidy of \$150,000 annually in addition to leasing us the building rent-and-utility-free. In addition to the city subsidy, TPAC must raise charitable dollars each year from individuals and businesses to support its operations and programs. TPAC is currently preparing for a capital campaign to renovate its building.

While the amount of tax relief which would be afforded annually by HB 2041 is not large (about \$2400 annually on purchases of office and building supplies, program materials for the theater) the exemption would be of huge value for our planned renovation. Last year alone TPAC spent \$13,000 in sales tax for equipment purchases to upgrade our theater which were funded jointly by donations and the City of Topeka.

Compared to our \$1,103,124 in expenses in 2022, the exemption is helpful because our program scrambles every year to raise money to produce community shows, ranging from School-time Theater for Children, various dance programs for all ages, including two annual *Nutcracker* performances. For the last several years TPAC has produced two large plays with local talent as a fund-raiser: *Jesus Christ Superstar* and *A Chorus Line*. Approximately 70-80 percent of the productions on our stage are local in nature—truly community theater! The rest comes from touring companies or concerts by regional or

national performers. As an example, last night the theater presented "*On Your Feet*," a touring Broadway show to an audience of about 450 people.

An examination of the language in HB 2041 shows that we qualify under lines 24-35 of the bill. TPAC is

- Exempt from federal income taxation pursuant to section 501 ©3 by Internal Revenue Service;
- Creates and produces novel productions and concerts, the most recent example was the *Kready Christmas Spectacular* which should be an annual event.
- Employs four full time staff for theater operations in addition to part-time bar tenders, stage-hands, etc. ;
- Governed by a Board of Trustees that is representative of the community, and is responsible for all operations of TPAC including contracting with a management company;
- Provides educational programming to community for adults and children;
- Produces live theater using local resources including plays, music, dance or other creative endeavors.

Thank you for your consideration. I will try to be present during the time the committee works the bill to answer additional questions.

Respectfully submitted,

A handwritten signature in black ink that reads "Joan Wagnon". The signature is written in a cursive, flowing style.

Joan Wagnon

On behalf of the Topeka Performing Arts Center Board of Trustees