



## **House Committee on Taxation**

### **Testimony in Support of House Bill 2585- Commercial Construction Sales Tax**

**Presented by Eric Stafford, VP of Government Affairs, Kansas Chamber**

**Wednesday, February 7, 2024**

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber represents small, medium and large-sized businesses across the state, advocating for policies which improve the economic climate in Kansas. We appreciate the opportunity to testify in support of House Bill 2585, which modifies the commercial construction sales tax exemption to include restorations and remodels of buildings, identical to the residential exemption.

Much like sales tax on utilities where residential properties receive an exemption and benefit, but commercial customers do not, the same can be said for remodeling, restoration and renovations of commercial buildings are not exempt from sales tax, inflating costs for owners. It doesn't take much for a commercial building renovation to reach \$1 million. Adding 8-10% in sales tax on top of the construction costs is a significant line item for owners to absorb.

HB 2585 is about equity between commercial and residential properties, and would be a positive step for the state to make to encourage investment of commercial property in the state by relieving property owners of a significant line item to their construction costs.

In conclusion, we thank you for the opportunity to testify in support of House Bill 2585, and I'm happy to answer questions at the appropriate time.