



February 7, 2024

Mr. Chairman and Members of the Committee,

On behalf of the Wichita Regional Chamber of Commerce and our nearly 1,400 members, thank you for the opportunity to provide testimony in support of H.B. 2585, AN ACT concerning sales taxation; relating to the taxation of services; excluding from taxation the service of installing or applying tangible personal property for the reconstruction, restoration, remodeling, renovation, repair or replacement of a building or facility; amending K.S.A. 2023 Supp. 79-3603 and repealing the existing section.

This legislation would create parity in the tax code between residential and commercial remodeling projects. Currently, only materials are subject to sales tax related to a residential remodeling project. However, when it comes to commercial remodeling projects labor and other project related services are subject to sales tax in addition to the materials. There is not a sound public policy reason for this difference.

This disparity in tax treatment oftentimes results in commercial remodeling projects not taking place as the tax consequences are too significant for the project to be funded. This results in lost jobs, lost wages, migration from urban and downtown areas, and the loss of property tax collections. It also causes some larger projects to seek industrial revenue bonds and the accompanying benefits unnecessarily, resulting in additional lost tax revenue to the state and local governments.

With this in mind, the Chamber urges this Committee to report H.B. 2585 favorable for passage.

Thank you, and I am happy to stand for questions at the appropriate time.

Very truly yours,

Jason P. Watkins
Wichita Regional Chamber of Commerce