



Associated General Contractors of Kansas
Oral Supporting Testimony
House Bill 2585
Wednesday, February 7th, 2024

Mr. Chair and members of the committee, My name is Mike Gibson, Executive Vice President for Associated General Contractors (AGC) of Kansas and recognized as the “Chamber of Commerce for the Kansas Construction Industry.” AGC of Kansas represents nearly 300 Kansas construction firms and their 20,000 employees. We support HB 2585 because it creates a more reasonable marketplace for consumers of remodeled commercial building projects.

Kansas currently does not tax the services of construction of new commercial buildings. It does, however, tax the remodeling of existing structures. It is concerning the State of Kansas has, as a public policy, that only new commercial buildings should receive financial encouragement to be built rather than keeping existing buildings in proper condition. The public policy should be an all of the above policy rather than asking people to decide to build on a scraped lot or on the edges of town in new developments.

This policy encourages investment towards our town centers and keeps yesterdays’ dreams alive. You may have heard how passionate I am about educating our next generation of kids to take up trades education. This bill would help in encouraging those who choose to go build and rebuild our communities to know their efforts are equalized in both the new and the remodeling of the existing.

Current K.S.A. Statue 79-3603:

(p) the gross receipts received for the service of installing or applying tangible personal property which when installed or applied is not being held for sale in the regular course of business, and whether or not such tangible personal property when installed or applied remains tangible personal property or becomes a part of real estate, except that no tax shall be imposed upon the service of installing or applying tangible personal property in connection with the original construction of a building or facility, **the original construction, reconstruction, restoration, remodeling, renovation, repair or replacement of a residence or the construction, reconstruction, restoration, replacement or repair of a bridge or highway.**

Proposed change:

(p) (1) the gross receipts received for the service of installing or applying tangible personal property which when installed or applied is not being held for sale in the regular course of business, and whether or not such tangible personal property when installed or applied remains tangible personal property or becomes a part of real estate.

(2) no tax shall be imposed pursuant to paragraph (1) upon the service of installing or applying tangible personal property in connection with: The original construction, **reconstruction, restoration, remodeling, renovation, repair or replacement of a building or facility;** the original construction, reconstruction, restoration, remodeling, renovation, repair or replacement of a residence; or the construction, reconstruction, restoration, replacement or repair of a bridge or highway.

Thank you for allowing me to testify before the committee today and we would ask for your support in passing HB 2585. I will stand for questions at the appropriate time.