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To: House Committee on Taxation
From: Spencer Duncan, Government Affairs Director
Date: January 29, 2025
RE: HB 2098 – Community Theater Sales Tax Exemption
Opponent – Written Testimony

The cities of Kansas believe tax policy should strive to foster a broad tax base that reduces the burden on citizens by ensuring many contribute a little. With each sales tax exemption the Legislature passes, that becomes more difficult as it reduces the tax base, shifts the tax burden more to property taxes and funnels the system toward one in which fewer people are asked to pay more. For this reason, we ask you to vote NO on HB 2098.

Cities value community theaters and recognize the importance they have to quality of life for Kansans. However, they do not meet the threshold of being exempt from sales tax. There are many wonderful not-for-profit 501(c) entities throughout Kansas not exempt from sales tax, and this designation opens the door to those asking, “why not us also?”

If you choose to move forward with HB 2098, the League asks an amendment be offered to remove local sales tax from the exemption. Local sales tax collection is a home rule issue. The state has the right to make determinations on what it will do with its portion of sales tax, but any exemption considered by the Legislature should leave whole local sales tax collections to be determined at the local level. We offer the following language as a guide: *“The state sales tax rate will be set at 0% and such sales tax exemption shall not reduce the collection or remittance of local sales.”*

We support community theaters across the state and municipalities work closely with their theaters to ensure success in the community. But providing yet another sales tax exemption to a growing list of exemptions continues to erode the local tax base of Kansas cities.

Thank you for your time and consideration of these issues. I am always available to provide additional information and answer any questions you have.

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