

To: Senate Committee on Assessment and Taxation
From: Spencer Duncan, Government Affairs Director
Date: January 30, 2025
RE: SB 26 – Bowling Centers Sales Tax Exemptions
Opponent – Verbal Testimony

Thank you to the Chair and Committee for an opportunity to provide this testimony,

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 these, and other reasons, the League of Kansas Municipalities asks for a NO vote on SB 26.

Please consider three things as you evaluate SB 26:

- What threshold have Bowling Centers met to warrant a sales tax exemption?

Historically, Kansas has reserved sales tax exemptions for non-profits, government entities and organizations working toward a public good. Providing private, for-profit entities who operate bowling centers an exemption does not meet this threshold.

In cases where private companies have received sales tax exemptions, there have been underlying societal reasons for such exemptions. For example, in 2024, when the Legislature provided for-profit telecommunications companies a sales tax exemption on new construction, it was done because those companies showed the dollars would be reinvested to expand broadband and other services in under-developed areas of Kansas.

This sales tax exemption request does not appear to benefit Kansas as much as it is targeted toward allowing for-profit entities to avoid paying taxes.

- Sales taxes are paid by everyone, including visitors to Kansas. When the Legislature passes a sales tax exemption it shifts the burden of filling this revenue loss to property taxes.

The Legislature, and cities of Kansas, are working diligently to reduce property taxes for citizens. It makes it more difficult for cities to reduce mill levies and stay revenue neutral if the tax base is continually reduced via death-by-a-thousand cuts from a growing list of sales tax exemptions passed by the Legislature. Please scrutinize every sales tax exemption request and consider the impact it will have on local budgets and property taxes.

- We ask you to leave local sales tax levies in place and only provide a sales tax exemption from the state levy if you move forward with SB 26.

Local sales taxes are voter approved and any decision to create exemptions or remove them should be made between the citizens of that community and locally elected officials. 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.

This can be done and keep Kansas in Streamline Compliance by setting the state rate at 0% and not removing local sales tax levies.

Too many tax exemptions create a system that puts the tax burden on too few citizens instead of a more equitable distribution which leads to overall tax reductions for everyone. Each community needs to have the ability to decide what works best for their unique circumstances.

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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