

SESSION OF 2025

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2098

As Recommended by House Committee on
Taxation

Brief*

HB 2098 would enact a sales tax exemption for purchases of tangible personal property made by certain not-for-profit theaters.

In order to qualify for the exemption, theaters would be required to provide for:

- The creation and production of novel works for concerts or productions;
- The employment of full-time theater staff;
- Governance by a board of directors that provides a partnership between the board and theater staff and a connection to the community by ensuring sound business and financial practices and a commitment to bringing new thoughts and ideas to the governance of the organization;
- The dedication to providing strong educational commitments to the community in which the theater is located; and
- The commitment to providing ongoing live theater as an art form using available local resources.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <https://klrd.gov/>

Background

The bill was introduced by the House Committee on Taxation at the request of Representative Sanders.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by representatives of Music Theatre Wichita and Salina Community Theatre. The proponents generally stated the bill would reduce the costs of theater production expenses and treat theaters similar to other community arts and culture organizations, such as zoos, art museums, and children's museums.

Written-only proponent testimony was provided by representatives of Great Plains Theatre, Theatre Atchison, Theatre Lawrence, and Topeka Civic Theatre.

Written-only opponent testimony was provided by a representative of the League of Kansas Municipalities, generally stating the bill would erode the sales tax base without a distinguishing reason for the exemption.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, the Department of Revenue estimates enactment of the bill would reduce state revenues by approximately \$169,500 per year beginning in FY 2026. State General Fund revenues would decrease by approximately \$139,000, and State Highway Fund revenues would decrease by \$30,500.

The Kansas Association of Counties and League of Municipalities indicate enactment of the bill would reduce local sales tax collections by an unknown amount.

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2026 Governor's Budget Report*.

Taxation; sales tax; exemptions; community theaters