

SESSION OF 2026

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR
HOUSE BILL NO. 2234**

As Recommended by House Committee on
Taxation

Brief*

Sub. for HB 2234 would create a sales tax exemption for purchases of property and services by Junction City Main Street, Inc., an organization exempt from federal income tax pursuant to section 501(c)(3) of the Internal Revenue Code and established for the purpose of seeking to make the designated downtown area an economic engine for the region and a location where friends and families can gather for shopping and socializing.

Background

The bill was introduced by the House Committee on Taxation at the request of Representative Butler on behalf of Junction City Main Street.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by the Mayor of Junction City and the Executive Director of Junction City Main Street. The proponents generally stated Junction City Main Street is a nonprofit organization focused on economic development, historic preservation, and downtown reinvestment in Junction City, and the bill would allow a greater share of resources to be allocated toward investments rather than administrative costs.

*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/>

No other testimony was provided.

The House Committee amended the bill to make technical and conforming changes and recommended a substitute bill be passed.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue indicates enactment of the bill would reduce state revenues by \$6,500 per year. Of these amounts, approximately \$1,200 would be from the State General Fund and the balance from the State Highway Fund. The Department indicates administrative updates would require additional expenditures of \$1,340 from the State General Fund in FY 2027.

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2027 Governor's Budget Report*.

Taxation; sales tax; exemption; economic development; Junction City Main Street, Inc.