



Written Testimony:

Submitted by Angela Cassette, Managing Director of Music Theatre Wichita.

I am writing to submit proponent testimony for HB 2041.

This bill would offer sales tax relief for non-profit theatres in Kansas. There are a number of theatres in our state that produce for local audiences, and Music Theatre Wichita is the largest. With our \$5 million annual budget, we acquire licenses to mount our own productions of shows; we hire designers, craftspeople, and technicians to build sets and costumes and to run rehearsals and shows; and we hire actors and musicians to perform.

During a typical season we bring more than 65,000 patrons to downtown Wichita, filling our local restaurants and bringing dollars into our community. A 2018 economic impact study showed us that 1 in 4 Music Theatre Wichita patrons travel from outside our county. It was estimated that our organization brings at least \$1.8 million per year in *new* economic activity to Wichita, via out of state employees who move to Kansas for the summer, and those who travel in to see shows.

Our organization pays quite a bit of taxes on our ticket sales each year – even during a recovery year like 2022, the tax obligation on our sold tickets was \$159,292. We have twelve year-round full-time staff, and hire up to 200 seasonal employees, resulting in employment/payroll taxes.

HB 2041 will have no impact on those taxes, and we will gladly continue to pay them. But this bill will provide us relief from sales tax when we purchase goods. Over the last two years we averaged \$50,000 per year in sales tax on goods to build sets and costumes, protect our workers and patrons, and operate our business.

Kansas – and our hometown of Wichita – is known for being small business friendly. I know we have small business owners among our lawmakers. You will of course understand through your experience the impact of this tax relief on an organization of our size.

The pandemic hit arts organizations exceptionally hard, but we remained agile, producing theatre safely and:

- Growing our full-time staff.
- Serving nearly 50,000 patrons in 2022 across 6 mainstage productions and two youth productions.
- Hiring both local and non-local performers, artisans, and technicians, from Broadway performers to theatrical carpenters and welders.

- Each production returned money to the Wichita community as well:
  - We finished the year using about 1500 hotel room nights (not including guests and family of performers traveling to town)
  - Providing income to local business (those who print our playbills, nearby restaurants, and a host of local merchants)

As a not-for-profit organization, our goal is to generate revenue that we then pour back into our mission. We have a strong board and staff who do their utmost to make savvy business decisions; however, unlike typical small businesses, our goal is not to create profit but rather to serve our mission. And HB 2041 would undoubtedly help us serve our mission. By easing our tax burden, the legislature could help our organizations create and preserve jobs, recruit and retain talent in Kansas, and continue to make our state a great place to live and raise a family.

We can understand any hesitation to grant tax exemptions, especially when there is a concern that a tax bill could open up the proverbial can of worms to other types of organizations.

In the case of HB 2041, the legislature would be correcting an oversight. Our arts and culture organizations – including, in Wichita, the Botanical Gardens, the Art Museum, Exploration Place, and the Sedgwick County Zoo – are all already exempt from sales tax.

We request that you make the decision to add theatres like ours to your list. Thank you for your consideration.