

**To:** House Taxation Committee  
**From:** Spencer Duncan, Government Affairs Director  
**Date:** January 26, 2023  
**RE:** HB 2041 – Community Theater Sales Tax Exemption  
*In Opposition – Written Testimony*

The League of Kansas Municipalities opposes policies that erode the overall tax base. Too many sales tax exemptions, over time, create a system that puts the tax burden on too few citizens instead of a more equitable distribution. HB 20421 creates an exemption that will have an overall negative economic impact on cities. We ask you to vote NO on HB 2041.

Sales tax exemptions should be limited to those in which the benefits outweigh sales-tax dollars lost. HB 2041 does not meet that exception. 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 many of those asking, “why not us also?”

At the least, The League asks an amendment be offered to remove local sales tax from the exemption. Local sales tax collection is a home rule issue and should remain in local control. If cities choose to provide a tax-exempt designation to community theaters for the local portion of sales tax, they are within their ability to do so.

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: “*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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