

501(c)(3) Testimony**Introduction:**

Hello, My name is Edward Koval and I am a senior at Benedictine College in Atchison, Kansas. I spoke in front of you all last year on behalf of Sleep in Heavenly Peace in an effort to secure a sales tax exemption. We, unfortunately, were unsuccessful last year and as a result our incredible organization has had to continue to be hindered by sales tax for another year. I am here today to testify in favor of House Bill No. 2685, “AN ACT concerning sales taxation; relating to exemptions; providing an exemption for registered charitable organizations”. This bill will allow our organization, and others like us, to better serve the amazing state of Kansas. We are here today to ask, not to ask the state to do things for us. Rather we are here today to ask the state to allow us to do more for ourselves and those in our communities. I believe that HB 2685 will allow charitable organizations to better serve their communities, function more effectively, and actually save both ourselves and taxpayers money.

SHP:

To begin I would like to speak a bit about the organization I am coming from today... All children deserve a safe and comfortable place to lay their heads. All across the United States, too many boys and girls go without a bed—or even a pillow—to sleep on. These children end up sleeping on couches, blankets, and even floors. This can affect their happiness and health. That’s where Sleep in Heavenly Peace comes in. We are a group of volunteers dedicated to building, assembling and delivering top-notch bunk beds to children and families in need. Our organization has grown steadily over time, and we’re working on opening more chapters in different states to serve more people. Ever since arriving in Kansas our mission has been in incredibly high demand. In Kansas alone **2,172** beds have been delivered since we first began

work in 2018. Since January 2023, **674** beds have been delivered. While these are absolutely incredible numbers, our communities ask for more. There are **272** kids waiting for beds and another **572** applications that haven't been converted to an open case yet. This brings the state total to **844** kids still waiting. At SHP, we fully believe that a bed is a basic need for the proper physical, emotional, and mental support that a child needs. If a child needs a bed, we want to make sure they get one. **NO KID SLEEPS ON THE FLOOR IN OUR TOWN!**

Community:

This brings me to my next point, community. Charitable organizations do work so the government does not have to. Being sales tax exempt for a 501(c)(3) means they can do more for those around them. When communities are empowered to take care of themselves this leads to stronger communities and less government involvement. Our organization, Sleep in Heavenly Peace, provides beds for children right within our own home towns and cities. If we do not do this mission there are two alternatives. First, no one does it. Second, the government does it. I think many people will agree that communities function best when they help themselves. This organic solution leads to a realization of dignity. When communities understand they can both depend on each other and work together for a better life they recognize their worth. In addition, no one knows our communities better than ourselves. You know who needs help, why they need help, and how to best help them. To use a very popular example for all the Chiefs fans... Organizations like Sleep in Heavenly Peace already have the "home field advantage"! Not only must we let them keep it but we must also empower them to push for the win. A sales tax exemption will allow this to happen.

Effectiveness:

Let charitable organizations get back to doing what they do best. According to the IRS, 501(c)(3)s are charitable organizations. “The term charitable is used in its generally accepted legal sense and includes relief of the poor, the distressed, or the underprivileged” it goes on to include the “lessening the burdens of government; lessening neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency.”. We must allow charitable organizations to get back to what they do best! The president of our Sleep in Heavenly Peace chapter, Dr. Patrick O’Malley, in his written testimony, elaborates on the incredibly difficult process our organization has had to battle in an effort to bring more beds to children.

Our work to secure a sales tax exemption for SHP began percolating in 2020. I was new to the world of nonprofits and when I looked into the current laws for how to obtain a tax-exemption for our 501c3 nonprofit in Kansas, the requirements were daunting. Even if we did go through the process, our chances of success were unclear. After many hours of work and preparation, with the help of Rep. Eplee, HB2203 was introduced, which would provide the exemption for SHP. We testified at the committee hearing in March 2023 and the bill is still awaiting a vote of the Taxation Committee.

The incredibly difficult process needed to obtain a sales tax exemption is directly impacting our organization. Just last year, we spent thousands on sales tax. This was mostly spent on materials such as lumber, tools, and bedding. This is money that could have been used to build more beds and allow for more children to have better night’s sleep. The lack of exemption is having a very real and very negative impact on our communities. As I said earlier, we have nearly **1,000** kids waiting on beds in Kansas. Should HB 2685 be denied, our ability to help these children will be severely diminished. As an organization, our mission is to build and deliver handmade beds to

children sleeping on the floor or in other uncomfortable situations. A sales tax exemption will allow us to do that mission more effectively. In our chapter's finance managers written testimony, Yvette McEwen furthers this point.

Granting (charitable organizations) sales tax exemption allows these organizations to maximize their limited resources, directing funds towards their core missions rather than being burdened by unnecessary financial constraints. By alleviating the tax burden, states can empower non-profits to expand their impact and reach, ultimately benefiting the communities and families they serve.

By granting us, and organizations like ourselves, the ability to function more efficiently you will be empowering us to lessen the burdens of government; lessen neighborhood tensions; eliminating prejudice and discrimination; defending human and civil rights secured by law; and combating community deterioration and juvenile delinquency!

Economics:

This leads me to my next point. Charitable organizations take a load off the taxpayer! It is far more efficient for the Kansas government to allow grassroots organizations to assist their communities rather than a large bureaucratic organization. As we have already established, these grassroots organizations will function more efficiently. However, there is another consideration the fiscally responsible will be happy to hear. Our people work for free! Offering a sales tax on a certain number of items is much more economical than creating thousands of organizations to do the work of all the 501(c)(3)s. We already have the infrastructure and individual's in place. By passing HB 2685 you will be making a choice to not only benefit Kansan's communities, but also their paychecks!

Conclusion:

I want to thank you for allowing me to come here and testify today. I am absolutely honored to represent an organization like Sleep in Heavenly Peace. I urge you to vote in favor of House Bill 2685. How you vote on this bill will decide how effectively charities across the state are able to care for Kansans. As I have talked about today, the help we are able to offer is directly tied to this bill. A sales tax exemption will empower organizations to lift their communities up. Grassroot movements across the state have sprung up in an effort to better the places and people they love. Help them to do this better! For Sleep in Heavenly Peace, we will absolutely be able to ensure more children get better night's sleep. Other organizations will ensure Kansasns are better fed, clothed, and cared for! We do not ask the state to do this for us. We ask that the state allow us to do this for ourselves.

Thank you.