

To: Senate Committee on Assessment and Taxation
From: Spencer Duncan, Government Affairs Director
Date: March 2, 2023
RE: SB 247 – Community Theater Sales Tax Exemption
In Opposition – Written Testimony

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. SB 247 creates an exemption that will have an overall negative economic impact on cities. We ask you to vote NO on SB 247.

Sales tax exemptions should be limited to those in which the benefits outweigh sales-tax dollars lost. SB 247 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 requests an amendment to 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 can ask the Legislature for that option at the appropriate time. Local sales tax levies are often decided by a vote of citizens in a community, and that decision by the voters should remain in place.

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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