

SESSION OF 2022

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2709**

As Recommended by House Committee on  
Taxation

**Brief\***

HB 2709 would provide a sales tax exemption for sales of tangible personal property purchased by not-for-profit theaters in the state. To be eligible for the exemption, the bill would require the theater to create and produce novel works for concerts or productions, employ full-time staff, have a governing board of directors, have a dedication to providing strong educational commitments to the community where the theater is located, and have a commitment to providing ongoing live theater as an art form using available local resources.

**Background**

The bill was introduced by the House Committee on Taxation at the request of Representative Sanders.

***House Committee on Taxation***

In the House Committee hearing on the bill, **proponent** testimony was provided by representatives of the Salina Community Theatre and Music Theatre Wichita. The proponents generally said the sales tax exemption would allow theaters to return more funds to their operating budgets and generate more revenue in the communities they serve. Written-only proponent testimony was provided by

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\*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 <http://www.kslegislature.org>

representatives of Great Plains Theatre, Theatre Atchison, Theatre Lawrence, and Topeka Civic Theatre.

No other testimony was provided.

### **Fiscal Information**

According to the fiscal note prepared by the Division of the Budget on the bill, the Department of Revenue (Department) indicated enactment of the bill would decrease state revenues in FY 2023 by \$148,000, with revenues to the State General Fund decreased by \$124,000 and the State Highway Fund by \$24,000. The Department also estimated a decrease in local revenues by \$52,000 in FY 2023. The Department indicated similar results for future years.

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2023 Governor's Budget Report*.

Not-for-profit theaters; sales tax exemption