



**Senate Assessment and Taxation Committee
Proponent Testimony SB 228
Todd Halstead, Theatre Owners of Mid-America
March 25, 2021**

Chair Tyson and Members of the Committee:

Thank you for the opportunity to submit written testimony in support of Senate Bill 228, which would allow movie theaters to retain the state sales tax collected on the admission charged for viewing movies and on concessions sold beginning on July 1, 2021, through June 30, 2023. There are approximately 60 cinema companies operating more than 450 screens at over 90 locations across the state. These Kansas movie theater owners and operators thank our lawmakers for their leadership throughout the COVID-19 crisis. Programs ranging from the greatly appreciated SPARK grant for movie theaters to the upcoming SBA Shuttered Venue Operators Grant are integral to our industry's ability to reach the finish line when blockbuster movies return this Summer. Industry analysts, however, say it will be at least 2022 before theatrical attendance in the United States comes even close to pre-pandemic levels. The "Theaters Retaining Sales Tax Collections Act" (SB 228) would greatly help Sunflower state cinema owners and operators during our recovery period after the pandemic subsides.

Movie theaters in Kansas and across the nation have experienced unprecedented disruption. Prior to the pandemic, the state had a robust movie theater market that generated around \$130 million in revenue in 2019. Even though movie theaters have been permitted to operate throughout most of the country, necessary capacity limitations and a lack of new major films are insurmountable barriers to recovery. As a result of the pandemic, our industry saw revenues plunge by 80% across the nation last year. At this point in 2020, Kansas movie theaters had generated approximately \$13 million in box office revenue before the pandemic shuttered our venues. During that same period in 2021, Kansas movie theaters have generated around \$2 million—an 85% year-over-year drop due to the COVID-19 pandemic. According to a recent survey conducted by the National Association of Theatre Owners, 60% of Kansas cinema owner respondents reported 90%-99% revenue loss; 20% reported 80%-89% revenue loss; and only 20% reported less than 70% revenue loss. Additionally, 32% of cinema jobs have been lost in Kansas during the pandemic.

Tax relief would provide a critical lifeline to help movie theaters bridge the pandemic and contribute to the state's broader economic recovery when blockbuster movies return to our screens. Movie theaters are economic anchors in communities across the state where businesses and jobs are often few and far between. From Main Street to suburbia to our urban centers, cinemas invigorate opportunity zones, revitalize neighborhoods, drive foot traffic to local businesses, and foster cultural vibrancy. Our industry also gives first-time workers invaluable job experience with the potential for rapid advancement. Not only that, we are also leaders in the employment of the disabled and senior citizens—individuals typically underrepresented in the workforce.



Taking action to help save our cinemas will play a significant role in recapturing the way we as a state shared experiences before the global pandemic. Please continue to help write our comeback story. Thank you for your attention to this critical legislation.

Respectfully,



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