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To: House Committee on Taxation
From: Spencer Duncan, Government Affairs Director
Date: February 4, 2025
RE: Hb 2038 – Film & Digital Media Development Act
Neutral – Written Testimony

Thank you to the Chair and Committee for the opportunity to provide this testimony.

The League of Kansas Municipalities believes Kansas needs a broad base for sales tax on all goods and services. Too many exemptions and incentives, over time, create a system that puts the tax burden on too few citizens instead of a more equitable distribution which allows us to reduce tax rates. A report issued this year by the Department of Revenue indicates Kansas' sales exemptions now account for \$8.7 billion in annual exemptions.

Every time you exempt a sales tax, it includes the local, voter approved portion of levies. The continued erosion of the sales tax base at the local level by the Legislature is creating a situation in which more of a burden is put on property tax levies. This is antithetical to the direction cities and the state are working towards, as we all want to reduce property taxes.

As you weigh this exemption, seriously consider if the economic impact on this industry and the state elevates itself to a level that is greater than the negative impact the exemptions will have on reduced tax collections at the local level.

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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