



House Taxation Committee

March 12, 2020

Written Testimony in Opposition to HB 2727

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Members of the House Committee:

KidsTLC is a nonprofit in Olathe that specializes in mental and behavioral health, autism services and family support. We employ 265 Kansans and operate, among other lines of service, one of the nine Psychiatric Residential Treatment Facilities (PRTFs) in the state. Across all of our programs in 2019, we served **1,903 clients** age 14 months to 18 years and, in some cases, their families for a total of **104,128 hours of therapy**.

HB 2727 contains language that propose that for each new sales tax exemption granted, there would be a PAYGO requiring the suspension or repeal of an existing exemption with an equal or greater fiscal liability to the state. We have several serious concerns with this proposal.

There is no process set forth to determine which exemptions would be repealed or suspended, nor the mechanism that would be used. This causes several issues including:

- Uncertainty in planning. Nonprofits would have an unnecessary uncertainty in budgeting year to year.
- Competition between nonprofits. The PAYGO language would pit nonprofits (and their advocates) against each other for legitimately deserved sales tax exemptions. As a smaller agency, how could we reasonably be expected to compete with large, national agencies in advocating for the preservation of our exemption?
- The PAYGO proposal fails to prescribe how the “value” of an exemption will be determined, if there will be an opportunity for appeal and what safeguards will be in place to protect nonprofit agencies from favoritism.

Beyond all of these, the sales tax exemption benefits communities in that it helps nonprofits do the important and meaningful work that we do to serve. It is already challenging and losing the sales tax exemption would be a huge barrier to overcome. The exemption for KidsTLC last year valued approximately \$250,000 that would have to be made up elsewhere or result in reduced services.

For these reasons, KidsTLC **OPPOSES** HB 2727.

Shannon Wickliffe – CDO - KidsTLC



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