

**To:** House Committee on Taxation  
**From:** Spencer Duncan, Government Affairs Director  
**Date:** March 15, 2023  
**RE:** SB 91 – Film Credits  
*Neutral – Written Testimony*

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

The League of Kansas Municipalities generally opposes policies that can erode the overall tax base. Kansas should have a broad sales tax on all goods and services. Too many tax exemptions and incentives, over time, create a system that puts the tax burden on too few citizens instead of a more equitable distribution which would allow us to reduce tax rates.

Exemptions and incentives should be limited to those in which the benefits outweigh tax dollars lost. In the case of SB 91, the League believes this legislation could meet that exception. Kansas has lots to offer the film industry, and through the years has likely missed out on opportunities that would benefit our state overall.

This program could have a positive economic impact on rural communities, who provide unique opportunities for the film industry. Economic activity brought to those communities when attracting film productions could benefit cities throughout Kansas.

While recognizing a possible positive overall impact, the policy decision is one we leave up to this Legislature. However, we request a clarifying amendment. Any sales tax exemptions provided in SB 91 should be limited to state sales-tax levies, while leaving local sales tax collections in place.

We offer the following suggestion: *“Such sales tax credit or exemptions shall not include local sales and compensating use taxes.”*

The state has the right to make determinations on what it will do with its portion of sales tax, but any exemptions considered by the Legislature should leave whole local sales tax collections to be determined at the local level. Local communities can make determinations as to whether they will provide exemptions on their levies and can do so in cooperation with the state.

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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