

To: Senate Assessment and Taxation Committee
From: Trey Cocking, Deputy Director
Date: March 24, 2021
RE: Neutral Testimony on SB 228 (Written Only)

Good Morning Chairwoman and Committee Members, thank you for allowing the League of Kansas Municipalities to offer neutral testimony on Senate Bill 228.

The question in front of you today is whether the correct way to compensate businesses hit hardest by the effects of COVID-19 is through allowing them to retain state sales tax they collect. While the bill as drafted does not impact cities' sales taxes, we are concerned that cities' inclusion in a mechanism such as this will have an adverse impact on cities across the state and could further endanger bond payments based on sales tax revenue that have already taken a hit because of COVID.

We would urge the legislature to look at creating a grant fund to review requests from movie theaters to evaluate the right assistance to ensure that these businesses continue to thrive. However, a sales tax rebate is a one size fits all solution to the problems that have occurred over the last year. Also, a grant program would quickly get funds to those struggling instead of them slowly receiving the funds over a two-year period. Further, theaters that are doing the most business would receive the largest portion of sales tax dollars while it is unknown if they needed the most assistance.

We encourage the committee as it looks at this legislation and this issue to review programs that have already been made available to those hit the hardest by COVID-19 and to consider if the mechanism set out in SB 228 is the best way to assist businesses.