

STATE OF KANSAS
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LISA M. MOSER
106TH DISTRICT

Monday, February 12, 2024

To: Chairman Adam Smith, House Committee on Taxation
From: State Representative Lisa M. Moser, House District 106
Re: Proponent Testimony for HB 2662, allowing for a sales tax exemption for the purchase of construction materials by a contractor for the Kansas Fairgrounds Foundation.

Chairman Smith, Vice-Chair Bergkamp, Ranking Member Sawyer
and Members of the Committee,

Good afternoon. I am Representative Lisa Moser, here today to testify in support of HB 2662.

What a rare occurrence that a non-profit organization utilizes every dollar it raises for the betterment of an entity owned by the State of Kansas. The mission of the Kansas Fairgrounds Foundation is to preserve and improve the Kansas State Fairgrounds, so that delightful memories and traditions are made by all who attend either the Kansas State Fair or any of the other myriad events that occur on the fairgrounds throughout the year. Work, including renovation, new construction, preservation, and beautification projects, continuously enhances the pristine and welcoming environment of the fairgrounds and has been the Foundation's focus since its 2003 inception.

The biggest undertaking of the Kansas Fairgrounds Foundation drew closer to fruition in the spring of 2023, when plans were finalized to raze an older building at the corner of Cottonwood Avenue and Fort Riley Boulevard to allow for the construction of the "1861 Club", an intermediate size venue on that site. This \$5,000,000+ project is being *fully funded* by private donations. Upon its completion, the venue will become the property of the State of Kansas, with the Kansas Fairgrounds Foundation maintaining all future maintenance and insurance on the building.

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I was contacted in August 2023 by a Foundation board member, who, after the project had begun, was contacted by the contractor, explaining that sales tax was being charged on building materials he was purchasing for the project. At this point, the Foundation realized that there was not a sales tax exemption in place, though the foundation is a 501(c)3 non-profit. Research by Mr. Edward Penner from KLRD done in September 2023 indeed concluded that the necessary wording for a sales tax exemption was not found in the Foundation statute. It was at this point that the decision was made to write legislation to create a sales tax exemption for the Kansas Fairgrounds Foundation, to recoup sales tax paid since the beginning of the "1861 Club" construction, and to maintain sales tax exemption for all future Foundation projects.

This request by the Kansas Fairgrounds Foundation falls into a most unique situation. The Foundation focuses *all its time, talent, and treasure* into giving back to the State of Kansas through its focus on the Kansas State Fairgrounds and the Kansas State Fair. It is here that *every participant* in state fair activities, and any individuals who utilize the state fairgrounds for other events held there throughout the year, benefit from the work of the Foundation.

This is not a typical request for a sales tax exemption. Every dollar raised by the Foundation is invested in making the fairgrounds a better place for all, not only to experience the excellence of, and gain understanding of Kansas agriculture, industry, and culture during the Kansas State Fair, but also through the other events held year-round.

Thank you for the opportunity to testify in support of HB 2662. I ask that the committee pass the bill favorably. I will stand for questions at the appropriate time.