Date: March 21, 2017

To: House Committee on Taxation

From: Larry R. Baer
       General Counsel

Re: HB 2384
       Neutral Testimony – Oral

Thank you for allowing me to appear before you this afternoon to present testimony on HB 2384 on behalf of the League of Kansas Municipalities and our member cities. As written, HB 2384 would remove the existing sales tax exemption from youth recreation activity fees (page 3, lines 23-36). This does not directly impact cities. However, the League would oppose any attempt to amend HB 2384 to specifically remove the existing sales tax exemption from the sales of memberships to government-operated facilities that charge a fee for dues or memberships that provide facilities for recreation or entertainment.

Amendments broadening the bill to include political subdivisions or “government-operated facilities” adds an additional cost to many Kansans seeking a healthier lifestyle through the use of facilities that they now help support with their tax dollars. In many parts of the state, perhaps most, gym, health or wellness facilities operated by cities, schools or recreation commissions are the only facilities the residents have available to them.

According to “The State of Obesity: 2016” issued by Trust for America’s Health¹, adult obesity rates now exceeds 35% in four states, 30% in 25 states (including Kansas) and are above 20% in all states. Kansas is only one of two states to have had the rate of obesity increase between 2014 and 2015. With this type of information, the Legislature should be trying to find ways to encourage Kansas residents to exercise and be healthy rather than imposing additional costs upon this type of activity.

For these reasons we offer this neutral testimony on HB 2384 and ask that the committee oppose other amendments or legislation that would subject municipally operated gyms, recreation centers or wellness centers to Kansas sales tax.