



**House Committee on Taxation
Hearing on House Bill 2445
Hearing Date – March 23, 2021**

**Written Testimony in opposition to HB2445 on behalf of the City of Manhattan
By Ron Fehr, City Manger**

Good afternoon Chair Smith, Vice Chair Mason and Honorable Members of the House Committee on Taxation.

The City of Manhattan strongly opposes HB2445, providing exemption to health clubs from all property or ad valorem taxes levied in the state of Kansas.

- Legislation exempting for-profit health clubs from all property or ad valorem taxes within city limits could be detrimental to a primary revenue stream. Cities rely on property taxes when creating their annual budgets and when determining the use of economic development incentives to attract businesses; property tax revenues are an integral part of economic devolvment incentive calculations when determining what ventures are in the best interest of the community. Exemptions such as this upend those agreements and leave cities with even more shortfalls in an already uncertain economic climate.
- HB 2445 would cause an unfair tax advantage to a particular for-profit business sector across the state, while all other applicable for-profit entities would continue paying property taxes.
- No other entities exempted in HB 2445 are for-profit businesses, exempting for-profit health clubs sets an undesired precedent for property tax collection.

For all the reasons stated above, the City of Manhattan opposes HB 2445, and asks the Committee to reject consideration of this legislation. Thank you for your time and consideration.