



Chairman Johnson and Members of the Committee,

My name is Michael Austin, Director of the Center for Entrepreneurial Government, and I present to this committee neutral testimony to the HB 2261 in its current form.

While we acknowledge decreasing the sales tax on food decreases the purchasing burden low income families, we fear that doing so creates too many negative externalities, costs that affect other Kansans that did not choose to pay such a cost. Here are two

1. Solely reducing sales tax on food results in a tax burden shift

Given the magnitude of the rate reduction, if HB 2261 doesn't have a pay-for to keep it revenue or deficit neutral then the bill will result in a tax burden shift. We are already deficit spending and the budget is on a path to run out of reserves by FY 2023.

2. Reducing sales tax on food doesn't substantially increase economic growth

We acknowledge Kansans need food to work or participate in an economy. But in a developed country like the U.S., reduction in the price of food doesn't encourage more Americans to work relative to a reduction in the entire sales tax rate. If policymakers are truly concerned about encouraging Kansans to work then they should advocate to lower the entire sales tax rate.

Thank you for your consideration