



Written Testimony in Favor of SB 76

Presented to the Senate Committee on Assessment and Taxation

Presented by Tim McKee, CEO

Olathe Chamber of Commerce

February 21, 2019

Chairman Tyson and Honorable Committee Members,

The Olathe Chamber of Commerce is the largest chamber in Johnson County and the second largest chamber in the Kansas City area. Comprised of 1,300 members and growing, it was the first chamber in the state to receive 5-Star Accreditation from the U.S. Chamber of Commerce – a designation obtained by less than 1 percent of the nation's chambers. Its mission is to be the voice of business that advances the economic well-being and quality of life in Olathe.

Recently the Olathe Chamber's Business to Government Committee (B2G) adopted the position to support not raising the sales tax on food and urged the Chamber to support measures to reduce the rate of sales tax on food. Despite sales tax on food being one of the most consistent tax revenue sources, it is also arguably one of the most regressive. As such the Olathe Chamber supports SB 76, which proposes to gradually decrease the sales and use tax rate on food to 3.5%.

Kansas remains an outlier state in the Midwest region by assessing the highest state sales tax on food, and when combined with local sales tax, ranks nationally as the highest in the country. By reducing the state sales tax rate on food, Kansas lawmakers can provide a tax reduction on what most would argue is one of the greatest necessities.

In addition, studies have shown there is up to 10% loss in grocery revenue to our bordering states. Olathe is a bordering community where shopping choices are easily made on lower prices. By lowering the food sales tax rate lawmakers can also incentivize Kansans buy their food in Kansas.

The Olathe Chamber applauds lawmakers for their discussion of reducing food sales tax and this committee for considering SB 76. While we understand there are a myriad of competing demands for state revenue and strongly support the adequate funding of state services, our members believe it is prudent public policy to continue to look for ways to reduce tax liability that is both equitable and impactful in everyday Kansans' lives. As such, we respectfully request you consider addressing the high sales tax on food and support the gradual buy down of it as proposed in SB 76.

Respectfully submitted,

Tim McKee, CEO, Olathe Chamber of Commerce