



Chairman Smith and Members of the Committee,

We appreciate this opportunity to submit written testimony in opposition to HB 2230, which places a sales tax on digital products and subscription services. Our opposition is based on these topics:

1. Kansans' taxes were raised nearly every year since 2015.
2. HB 2230 risks slowing the economic recovery from COVID pandemic.

### **Kansans' taxes were raised nearly every year since 2015**

Rather than reduce wasteful spending, Kansas raised taxes in 2015. Income taxes were increased in 2017 and 2018, and Governor Kelly's veto of the 2017 federal tax windfall has led to higher taxes every year, including this one if unaddressed.

Kansas has a very uncompetitive tax climate. For example:

- Kiplinger, a business new periodical, named Kansas as the 10<sup>th</sup> least tax-friendly state in 2019<sup>1</sup>
- Kiplinger named Kansas as the 3<sup>rd</sup> least tax-friendly state for retirees in 2019<sup>2</sup>
- Tax Foundation named Kansas as the 34<sup>th</sup> best Business Tax Climate in 2019<sup>3</sup>
- Tax Foundation named Kansas as the 35<sup>th</sup> best Business Tax Climate in 2020<sup>4</sup>
- United Van Lines reports Kansas was the 6<sup>th</sup> most departed state in 2020. <sup>5</sup>
- MoneyWise reports Kansas is the 3<sup>rd</sup> worst state for taxing retirees.<sup>6</sup>

### **HB 2230 risks slowing the economic recovery from COVID pandemic.**

Increasing taxes on streaming services when many Kansans are stuck at home due to a job loss or business closure is effectively kicking Kansans while they are down. Small businesses are already adversely impacted by tax compliance costs. Adding more taxes to their burden in the middle of a COVID downturn is the farthest thing to a beneficial impact on the Kansas economy.

For these reasons we ask the committee to reject HB 2230 and we thank you for your consideration.

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<sup>1</sup> Kiplinger, *The 10 Least Tax-Friendly States in the U.S.*, <https://www.kiplinger.com/slideshow/taxes/T006-S001-10-least-tax-friendly-states-in-the-u-s-2019/index.html>

<sup>2</sup> Kiplinger, *10 Least Tax-Friendly States for Retirees, 2019*, <https://www.kiplinger.com/slideshow/retirement/T037-S001-10-least-tax-friendly-states-for-retirees-2019/index.html>

<sup>3</sup> The Tax Foundation, *Kansas Tax Modernization: A Framework for Stable, Fair, Pro-Growth Reform*, <http://www.kansaschamber.org/wp-content/uploads/2019/12/TaxReport.pdf>

<sup>4</sup> Tax Foundation, *2021 State Business Tax Climate Index*, 10/21/2020, <https://taxfoundation.org/2021-state-business-tax-climate-index/>

<sup>5</sup> United Van Lines, *2020 National Migration Study*, 1/4/2021, <https://www.unitedvanlines.com/newsroom/movers-study-2020>

<sup>6</sup> MoneyWise, *The 15 Worst States for Taxing Your Retirement*, 12/21/2020, <https://moneywise.com/a/the-15-worst-states-for-retirement-taxes>