

**Testimony of Kansans for Lower Electric Rates (KLER) and
Kansas Industrial Consumers Group (KIC)
In Support of Senate Bill 359
Before the Senate Tax Committee
February 2, 2022**

KIC & KLER support the elimination of state sales tax on energy use by commercial entities. Residential customers already benefit from an energy exemption on state sales tax.

It's no secret that Kansas has some of the highest electric rates in the region. Kansas has struggled with high electric rates for several years. From about 2007 through 2018, rates from KCP&L and Westar escalated over 70 percent. Now the combined Evergy is making sizable investments that will continue the escalation of electric rates in Kansas for years to come.

Eliminating the state sales tax will result in an immediate reduction in the energy burden in Kansas and allow businesses to be more competitive in the region. Many of our members already appropriately receive an exemption for manufacturing but still have sizable energy usage that is taxed. Importantly, this would benefit tens of thousands of Kansas businesses, of all sizes, that currently pay the full sales tax on a business necessity, adding to their monthly utility bills.

In 2020, the state eliminated the state income tax on utilities. This resulted in a reduction in utility bills that is just now being realized by some utility customers. In general, those tax savings were about 1 to 2 percent of a customer's total bill.

Eliminating the state sales tax would have a much more significant and beneficial impact on commercial bills and would help provide relief to the high-cost electric rate burden in Kansas. We urge the committee to support SB 359.

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The Kansas Industrial Consumers Group (KIC) is a coalition of large-volume energy users in Kansas. The members collectively represent billions of dollars of investment in the State and employ thousands of Kansans. Kansans for Lower Electric Rates (KLER) is an advocacy project of KIC with members of all sizes. We believe high energy costs are negatively impacting residential consumers, schools, hospitals, and large and small businesses.