



Testimony to Senate Committee on Assessment and Taxation
Proponent Testimony on HB2487
Tuesday, January 25, 2022
The Greater Kansas City Chamber of Commerce

The Greater Kansas City Chamber of Commerce (KC Chamber) supports HB2487 that eliminates the sales tax on food and groceries with the caveat that we would like to see the tax cuts phased-in over-time. The KC Chamber, representing nearly 2,000 businesses (40% of which are in Kansas), believes that lowering the sales tax on food needs to be done; however, the business community has some concerns for long-term impact on the state budget once the state sales tax on food is eliminated. The Chamber urges the Legislature to look at phased-in reduction of sales tax on food that will allow a more responsive approach to the budget.

The State of Kansas has the second highest food sales tax rate in the country only behind the State of Mississippi. The Kansans that feel the greatest impact on this type of tax are often lower-income and underserved as sales taxes, and especially a tax on food and groceries, is a regressive tax that disproportionately affects lower-income citizens. By reducing and eventually eliminating the state sales tax on food and groceries, the State of Kansas can help put money back in the pockets of Kansans to spend on other things and services throughout the state. It is also one more tool in the toolbox to allow lower-income Kansans to save money and further bolster their financial security.

The KC Chamber does have concerns about the long-term effects of an immediate elimination of the revenue from the sales tax, however. Although the state is flush with cash currently, down the road may be a different story. We have seen how aggressive tax cuts result in decreased services, delayed and deferred road maintenance and a generally bleak outlook for the state's financial picture. By opting for a phased-in approach to the eliminating the sales tax on food, the state can keep a better grasp on the effects on the budget and adapt-if needed-accordingly

The KC Chamber applauds the Governor and State Legislature at looking to take this important step. However, the Chamber urges the body to look at a phased-in approach to eliminating the sales tax on groceries to better understand the impact on the budget moving forward and encourages the use of a phased-in approach to eliminating the sales tax on food and groceries.

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