



Testimony to Senate Taxation Committee
HB 2401
18 March 2015
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Mr. Chairman and members of the committee it is a pleasure to support House Bill 2401 that imposes an excise tax on ethanol and renewable energy production

I could repeat in writing my oral testimony from Tuesday's hearing on HB 2399 but I recognize the value of your time and will only suggest that if you do not remember fully my opposition to the increase in the sales tax that you review it for a more complete view of why I support this bill. The \$5.6 Billion of existing exemptions have eroded the tax base and created a situation where an unequal burden has been placed on those not included in the exemptions.

A very basic tenet of taxation is to be fair and equitable. Exempting ethanol and renewable energy production from excise taxation while their competitors are not is clearly not fair and equitable. Government picking winners and losers by incentivizing industry through either direct subsidies or special tax treatment forces the rest of the tax base to carry the 'weight' of the subsidized company or industry. Does it stray any further from free market principles then to force a competitor to finance their competition?

However, we all know it is ultimately the consumer who pays the price for the inequality by paying more for the product produced by the unsubsidized company in order to finance the state's gratuity to the subsidized company. The consumer should be able to decide by his or her purchase decisions what they want to support. They should not find that their purchase has a hidden surcharge that is paying for a product they may not support.

I would say further, any revenue the bill before you today raises should be used to "offset" revenue from other sources. The point is not to increase taxes but to create an even playing field for all energy/fuel producers. Revenue raised by this bill should be used to provide relief to other taxpayers in the state – not targeted or in the form of a "new subsidy" but in broad-based relief to all taxpayers.

Please remove this exemption from statute and consider moving against more of the 'protected' class in order to create a fair and equitable business climate that will benefit all Kansans. There are avenues for the supporters of ethanol and renewable energy production to pursue their interests in these forms of energy but a government mandate to subsidize them should not be forced upon competitors nor consumers. Thank you for your consideration.