



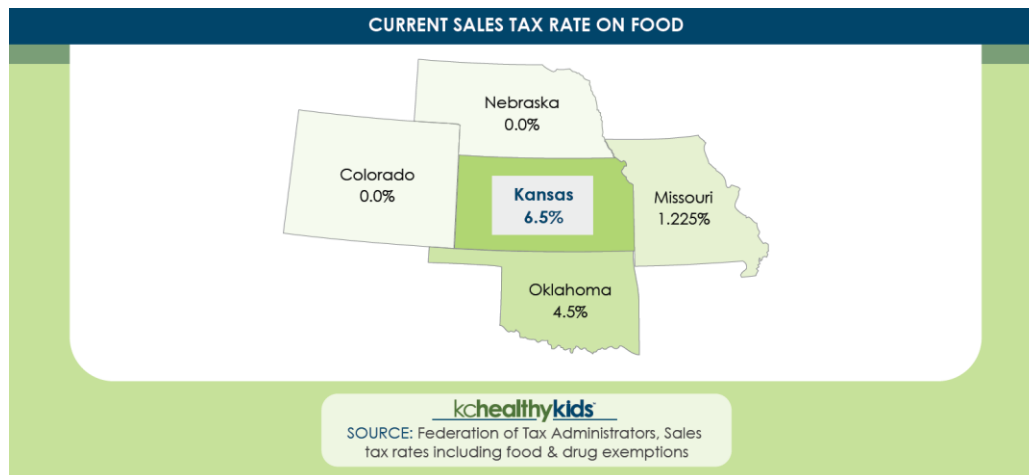
March 15, 2016

Ashley Jones-Wisner
State Policy Director, KC Healthy Kids
HB 2444, Committee on Taxation

Chairman Kleeb and members of the Committee:

Thank you for the opportunity to testify in support of House Bill 2444. KC Healthy Kids is a Kansas City area non profit focused on reducing childhood obesity by shaping policies to improve access to healthy food.

When the Kansas Legislature raised the states sales tax from 6.15% on July 1st to 6.5%, Kansas' sales tax on food became the highest on the nation. County and city governments can levy additional taxes, bringing the total sales tax rate as high as 11% in some areas. Of the 14 states that levy sales taxes on groceries, only Kansas and six others charge their full rates.



Kansas' state tax on groceries puts an unfair burden on low income families, hurts rural grocers and their employees, and drives shoppers across state lines to buy food.

Unfair burden

Food is not a luxury item. Kansas food tax puts an unfair burden on the poor and those in rural areas. A household in the lowest income group pays anywhere from 2.7 percent to 8.4 percent more of their income in taxes on groceries than does a household in the highest income level. A family of 4 earning \$44,000, the median income in Kansas, pays 4 times more of their income in taxes on groceries than does a household in the highest income level

Impact on Rural Grocery Stores

Sales tax on food costs the average rural Kansas grocer close to \$18,000 per year by reducing grocery sales and forces customers to purchase lower-quality, less expensive items. Since rural

counties typically aren't able to offer a variety of retail establishments, their consumers are more likely to leave the area to buy their goods in counties or states with more retail options and lower taxes/prices.

Border Impact

Of the state's 105 counties, 40 share at least one border with neighboring states. Colorado and Nebraska exempt all food sales from taxation, and Missouri's state food sales taxes are only 1.225%. Oklahoma, like Kansas, does not exempt food sales taxes, but has a lower state sales tax of 4.5%. The current sales tax drives shoppers across state and county lines to save money on food. The result is slowed sales growth in counties on the state line, and cannibalization of income among Kansas counties.

For these reasons, we respectfully request that the committee support HB 2444.