



**Senate Assessment and Taxation Committee
Testimony of Atmos Energy
Presented by Ron Gaches
In Opposition to SB 261: Imposing Sales Tax on Utilities
Thursday, March 19, 2015**

Thank you Chairman Donovan and members of the Committee for this opportunity to offer testimony on behalf of Atmos Energy. My name is Ron Gaches, and I serve as legislative counsel for Atmos. Atmos is opposed to passage of SB 261 and urges you to not take any favorable action on this proposal.

Atmos is the second largest regulated natural gas utility in Kansas, serving more than 120,000 customers in more than thirty Kansas communities. Our Kansas headquarters is located in Olathe, Kansas.

As a regulated Kansas public utility, our rates and recovery of expenses are directly controlled by the Kansas Corporation Commission. Virtually all of our direct expenses, including taxes, are borne by our Atmos Energy customers. We are committed to providing our customers with the highest quality, safest and most reliable services at the lowest possible cost. Accordingly, we are opposed to imposition of this tax on our customers.

Atmos Energy has approximately 120,000 residential customers in Kansas, with an average annual usage of approximately 840 Ccf (hundred cubic feet) of natural gas. Based on current cost of gas adjustment, which reflects the actual cost of the natural gas, we estimate the annual cost of this proposal to the average Atmos customer as \$46.93. Based on 120,000 residential customers, and a current state sales tax rate of 6.15%, this proposal will increase taxes on Atmos' Kansas customers by approximately \$5,631,600 per year! As gas prices go up, the sales tax expense to each customer will also increase.

Natural gas utilities are a basic necessity for most citizens. Repealing the sales tax exemption on utilities is a regressive tax increase on all Kansans, meaning that those least able to pay the tax will be those most burdened. Many of these customers already have difficulty paying their utility bills. Passage of SB 461 would have a negative impact on those customers.

We urge you to join us in opposing SB 461.