

Approved: February 23, 1999
Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION.

The meeting was called to order by Chairperson David Adkins at 9:00 a.m. on January 28, 1999 in Room 519-S of the Capitol.

All members were present except: Rep. Edmonds - excused
Rep. Howell - excused
Rep. Johnston - excused

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes
Shirley Sicilian, Department of Revenue
Mary Shaw, Committee Secretary

Conferees appearing before the committee: Representative Cliff Franklin
Representative Tom Burroughs
Representative Deena Horst
Byron Patton, Kansas Council of Silver Haired Legislators
Edward Rowe, League of Women Voters
John Mitchell, Kansas Automatic Merchandising Assn.
Frances Kastner, Kansas Food Dealers Association
Ron Hein, Kansas Restaurant & Hospitality Association.
Al Ward, Kansas Restaurant Association
Natalie Bright, Kansas Chamber of Commerce & Industry

Others attending: See attached list.

The Chairman opened the public hearing on:

HB 2098 - Sales tax rate decrease on food.

The Chairman introduced Chris Courtwright, Legislative Research Department, who gave a Staff briefing on **HB 2098 (Attachment 1)**. He also distributed two items of information requested by the committee: state tax burden comparison of Kansas and the other states and the memo regarding local sales tax memo (copies available in Legislative Research).

The Fiscal Note was distributed (Attachment 2).

Proponents:

The Chairman introduced Representative Cliff Franklin, Proponent, and co-sponsor of the bill (Attachment 3).

Representative Franklin turned the testimony over to Representative Tom Burroughs, Proponent, and co-sponsor of the bill (Attachment 4).

Representative Burroughs turned the testimony over to Representative Deena Horst, Proponent, and co-sponsor of the bill (Attachment 5).

The Chairman introduced Byron Patton, Proponent, representing the Kansas Council of Silver Haired Legislators (Attachment 6).

The Chairman introduced Edward Rowe, Proponent, representing the League of Women Voters (Attachment 7).

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON TAXATION, Room 519-S Statehouse, at 9:00 a.m. on January 28, 1999.

The Chairman introduced John Mitchell, Proponent, representing the Kansas Automatic Merchandising Association (Attachment 8). Mr. Mitchell requested an amendment listed on page 2 of his testimony.

The Chairman introduced Frances Kastner, Proponent, representing the Kansas Food Dealers Association (Attachment 9).

Opponents:

The Chairman introduced Ron Hein, Opponent, representing the Kansas Restaurant and Hospitality Association (Attachment 10).

The Chairman introduced Al Ward, Opponent, owner of the Taco Casa Restaurant in Topeka, and representing the Kansas Restaurant Association (Attachment 11).

Written testimony:

Natalie Bright, Opponent, Kansas Chamber of Commerce and Industry, submitted written testimony (Attachment 12).

The Chairman explained that he knows of several people who will be submitting written testimony regarding **HB 2098** and he will be sure that the committee receives copies of them.

The Chairman closed the public hearing on **HB 2098**.

The Chairman opened the meeting to bill introductions.

The Chairman recognized Representative Aurand who made a motion, and seconded by Representative Vickrey, to request a committee bill that would lower the statewide mill levy to the parameters of the Governor's recommendation. Motion carried.

At the request of Representatives' Tomlinson, Campbell and Ray, Representative Adkins made a motion, and seconded by Representative Ray, to introduce a committee bill that would essentially take the fiscal impacts of the Governor's tax cut proposals collectively and achieve the same tax savings by increasing personal exemptions of the income tax code. Motion carried.

At the request of Representatives' Tomlinson, Campbell and Ray, Representative Adkins made a motion, and seconded by Representative Ray, to introduce a committee bill that would take the parameters of the Governor's tax cut proposals collectively, but propose them in the form of income tax rate reductions for both individuals and corporations. Motion carried.

The Chairman recognized Representative Sharp who made a motion, and seconded by Representative Gatewood, for a committee bill adjusting something she thought had been done last year for PTA's and PTO's to add two words "and services". Motion carried.

The meeting adjourned at 10:54 a.m.

The next meeting is scheduled for February 2, 1999.

HOUSE TAXATION COMMITTEE
GUEST LIST

DATE: Jan. 28, 1999

George Peterson	Ks Taxpayers Network
Al WARD	Ks Restaurant Assn.
Larry Kleiman	League of KS Municipalities
EDWARD ROWE	LEAGUE OF WOMEN VOTERS/KS
Kelly Kuetala	City of Overland Park
Aria Gordon	Johnson County
Jack Mitchell	Johnson County KS - Town Area
John Mitchell	Johnson County KS - Town Area
L.F. Buccero	Johnson County Leawoods - Kendall
Doyle Pepper	Shawnee Co. Drink-o-Mat Co.
Sheila Walker	Ks Dept. of Revenue
Natalie Bught	KECT
Rose Flora	
Belle Flora Quinter	Silver Hair Legislator
J.P. My	
Francis Kastner	Ks Food Dealers Assn.
George Welch	Barbee + Assoc.

August 25, 1998

To: Special Committee on Assessment and Taxation
From: Chris W. Courtwright, Principal Analyst
Re: Kansas Local Sales Taxes as of October 1, 1998

LOCAL SALES AND COMPENSATING (USE) TAX

Enacted: Authority for cities and counties to levy local sales taxes was enacted in 1970. Local use tax for motor vehicles purchased outside the state was enacted in 1982 and was expanded to include watercraft in 1987.

Statutory Citation: K.S.A., Chapter 12, Article 1.

Administration and Collection: Department of Revenue collects and State Treasurer remits to levying units monthly.

Collection Period: Same as state sales and use tax.

Tax Base: Sales tax—same application and exemptions as state sales tax, with the exception of most residential utility services, which are subject to local taxes but exempt from the state tax.

Use tax—local use tax applies only to motor vehicles and watercraft purchased outside the state and used within the taxing subdivision.

Present Authorized Tax Rates: Cities and counties may levy a tax in 0.25 percent increments up to a normal maximum of 2.0 percent, subject to several exceptions. Sales taxes of up to 1.0 percent may be used for general purposes, but the additional authority (up to 1.0 percent) normally must be used only for the financing of "health care services." A city may impose a tax earmarked for health care only if the county has no such tax. Moreover, any such city tax expires immediately upon the imposition of a county health care sales tax.

Elections are required to be held prior to the imposition of or increase in any local sales tax, and a statement describing the purposes for which the taxes will be used must be part of the ballot proposition. Use tax rates are the same as the local sales tax.

Prior to the enactment of the health care sales tax authority in 1992, the normal maximum rate was 1.0 percent for cities and counties. Exceptions from the normal maximum rate have been enacted for the following jurisdictions:

*HOUSE TAXATION
1-28-99
Attachment 1*

SPECIAL RATE PROVISIONS

<u>Local Units</u>	<u>Maximum Additional Authority</u>	<u>Earmarking and Other Restrictions</u>	<u>Implemented by 10/1/98</u>
Jackson	1.0	County's share earmarked exclusively for Banner Creek Reservoir Project; required to sunset after five years	(Effective from July 1, 1989 through June 30, 1994)
Barton, Jefferson, Ottawa	1.0	Earmarked for courthouse, jail, law enforcement or county administrative facility; not shared with cities; sunsets when all financing costs are paid	Atchison (0.5), Ottawa, Seward, and Crawford; Saline's tax sunset on May 31, 1995; Jefferson's sunset on Sept. 30, 1998
Atchison	0.75		
Wyandotte, Saline, Crawford, Seward, Cherokee, and Ford	0.5		
All Counties	0.10	Earmarked for stormwater management; not shared with cities; had to be imposed prior to end of 1990; Subject to protest petition and not mandatory election	Johnson only
Johnson and other counties within 60 miles	0.25	Earmarked for Kansas and Missouri Metropolitan Culture District Compact Fund if Compact becomes effective; Johnson County must participate for Compact to become effective.	Yes, for Johnson County only—a 0.125 percent tax effective April 1, 1997
Dickinson County	0.25	Earmarked to finance renovation of a community use building owned by the county; required to sunset after three years	Yes; tax was effective 1/1/96 thru 6/30/97
City of Rossville	1.0	Earmarked for flood control projects; election to impose tax had to be held prior to end of 1992	No
Cities in Ellis, Cowley, Ellsworth, Labette, Johnson, and Montgomery counties; and Manhattan	0.75	Earmarked for economic development, public infrastructure projects, or strategic planning initiatives; required to sunset after five years	Cities of Caney, Hays, and Manhattan only
All Cities and All Counties	1.0	Earmarked for health care services	Franklin, Geary, Wichita, Cheyenne, Hamilton, Greenwood, and Sherman counties; cities of Neodesha, Stockton, Wamego, and Wellington
Sherman County	0.75	Road improvement projects	Sherman (0.25)
Dickinson County	0.5	Road improvement projects	No

Disposition of Revenue: Revenue from a countywide sales tax not earmarked for health care is apportioned among the county and cities, 50 percent in proportion to total, unitwide

property tax levies and 50 percent in proportion to urban and nonurban population. This distribution formula is also subject to several exceptions.

SPECIAL DISTRIBUTION PROVISIONS

Local Units	Alternative Distribution Formula	Implemented by October 1, 1998
Allen	An optional apportionment formula allows the county to retain all revenues from a 0.5 percent tax earmarked for solid waste disposal or landfill modification. Tax sunsets when costs are paid.	Yes
Johnson	The normal distribution formula for was modified in 1993 relative to fire protection service property tax levies within cities.	Yes
Johnson	An optional apportionment allows the county to retain a larger share of the revenue relative to the cities.	Yes, for 0.25 of the county's 0.975 percent sales tax
Atchison, Ford, Jefferson, Montgomery, Wyandotte, Saline, Riley, Lyon, Butler, Barton, Crawford, Seward, Cherokee, Ottawa, Cowley	Cities do not share in revenues, all of which must be earmarked for jail, courthouse, law enforcement, or county administrative facilities. Tax sunsets when costs are paid.	Lyon, Ottawa, Crawford, Atchison, Seward, Jefferson in effect. Montgomery's tax sunset on July 30, 1990, Saline's sunset on May 31, 1995, Lyon's sunset on July 31, 1997, and Jefferson's on Sept. 30, 1998
Ford, Finney	Cities do not share in revenues, all of which must be earmarked for system enhancement highway projects. Tax sunsets when costs are paid.	Both effective on July 1, 1991, but Finney County's tax sunset on September 30, 1992
Johnson and other counties within 60 miles	Neither cities nor counties would share directly in revenues, all of which would be expended by Metropolitan Culture Commission.	Yes, for Johnson County only—a 0.125 percent tax effective April 1, 1997
All counties with Stormwater Management Sales Tax	Cities do not share in revenues, all of which must be earmarked for stormwater management.	Johnson only
All counties with Sales Tax for Health Care Services	Cities do not share in revenues, all of which must be earmarked for health care services, unless cities previously were imposing a health care tax of their own which was preempted by the county tax. Under such circumstances, such cities would retain that portion of the county collections from within the city limits.	Geary, Sherman, Wichita, Cheyenne, Hamilton, Greenwood, and Franklin counties
Montgomery	Cities do not share in revenues, all of which must be earmarked for purposes pledged on November 8, 1994 ballot (incentive package for Cessna and American Insulated Wire).	Yes
Dickinson	Cities do not share in revenues, all of which must be earmarked for renovating a community use building. Tax sunsets after three years.	Yes; tax was effective 1/1/96 thru 6/30/97
Dickinson	Cities do not share in revenues, all of which must be used for roadway improvement. Tax sunsets after five years.	No
Sherman	Cities do not share in revenues, all of which must be used to finance county roads 64 and 65 project. Tax sunsets when costs are paid.	Yes; 0.25 percent tax effective Oct. 1, 1998

Extent of Use: As of October 1, 1998, 157 cities and 71 counties were imposing local sales taxes. Of the 157 cities, one (Holton) imposes the 0.25 percent rate; 35 impose the tax at the 0.5 percent rate; one (Hutchinson) imposes the 0.75 percent rate; 114 impose the tax at the 1.0 percent rate; one (Wellington) imposes the 1.25 percent rate; two (Manhattan and Hays) impose the 1.5 percent rate; two (Caney and Wamego) impose the 1.75 percent rate; and one (Neodesha) imposes the 2.0 percent rate. Of the 71 counties, Shawnee imposes the 0.25 percent rate; seven impose the 0.5 percent rate; 52 impose the 1.0 percent rate; Finney County imposes the 0.75 percent rate; Johnson County imposes the 0.975 percent rate; Geary County imposes the 1.25 percent rate; Atchison, Sherman, Crawford, Seward, and Franklin counties impose the 1.5 percent rate; and Cheyenne, Wichita, and Ottawa counties impose the 2.0 percent rate.

LOCAL SALES TAX RATES AS OF 10/1/98

<u>Counties</u>	<u>71</u>	<u>Cities</u>	<u>157</u>
Rate of 0.25%	1	Rate of 0.25%	1
Rate of 0.5%	7	Rate of 0.5%	35
Rate of 0.75%	1	Rate of 0.75%	1
Rate of 0.975%	1	Rate of 0.975%	0
Rate of 1.0%	52	Rate of 1.0%	114
Rate of 1.25%	1	Rate of 1.25%	1
Rate of 1.5%	5	Rate of 1.5%	2
Rate of 1.75%	0	Rate of 1.75%	2
Rate of 2.0%	3	Rate of 2.0%	1

Three cities in 1971—Lawrence, Topeka, and Manhattan—became the first local units to implement local sales tax authority by imposing 0.5 percent taxes. By 1981, 35 cities and five counties were imposing taxes. The numbers had grown to 100 cities and 57 counties by 1985 and to 119 cities and 62 counties by 1990.

The City of Delphos features the highest combined state and local sales tax rate at 7.90 percent (4.9 percent, state; 2.0 percent, Ottawa County; 1.0 percent, city). The combined state and local rate is at least 6.65 percent in 67 cities, in the part of Manhattan in Riley County, in the part of St. Mary's in Wabaunsee County, and in the entirety of Cheyenne, Wichita, and Ottawa counties. There are no local sales taxes (county or city) imposed anywhere within seven counties (Clark, Coffey, Hodgeman, Marshall, Sheridan, Smith, and Wallace).

The following tables provide the city and county sales tax rates in effect on October 1, 1998:

LOCAL SALES TAXES—CITY

City (157) (County Where Located)	Rate	Effective Date	City (157) (County Where Located)	Rate	Effective Date
Abilene ¹ (Dickinson)	0.50%	May 1, 1983	Holton ¹ (Jackson)	0.25	January 1, 1995
Americus (Lyon)	0.50	April 1, 1987	Horton ^{1,2} (Brown)	1.00	July 1, 1987
Anthony (Harper)	0.50	November 1, 1984	Hugoton ² (Stevens)	1.00	January 1, 1994
Andover (Butler)	0.50	July 1, 1996	Humboldt ¹ (Allen)	0.50	January 1, 1982
Argonia (Sumner)	1.00	January 1, 1991	Hutchinson ^{1,30} (Reno)	0.75	April 1, 1994
Arkansas City ⁹ (Cowley)	1.00	April 1, 1985	Independence ^{1,3} (Montgomery)	1.00	April 1, 1986
Arma ¹ (Crawford)	0.50	November 1, 1982	Iola ^{1,23} (Allen)	1.00	January 1, 1990
Atchison ^{1,9} (Atchison)	1.00	August 1, 1983	Junction City ¹ (Geary)	1.00	November 1, 1982
Auburn ¹ (Shawnee)	1.00	July 1, 1984	Kanopolis ¹ (Ellsworth)	1.00	July 1, 1985
Augusta (Butler)	0.50	October 1, 1991	Kansas City ^{1,2} (Wyandotte)	1.00	January 1, 1984
Baldwin ^{1,24} (Douglas)	1.00	July 1, 1991	LaCrosse (Rush)	1.00	January 1, 1996
Basehor ^{1,14} (Leavenworth)	1.00	October 1, 1995	LaCygne (Linn)	1.00	October 1, 1988
Baxter Springs ^{1,14} (Cherokee)	1.00	July 1, 1985	Lakin (Kearny)	1.00	July 1, 1983
Belle Plaine (Sumner)	1.00	October 1, 1989	Lansing ^{1,14} (Leavenworth)	1.00	January 1, 1989
Bonner Springs ^{1,18} (Wyandotte, Johnson)	1.00	January 1, 1986	Lawrence ^{1,4} (Douglas)	1.00	October 1, 1990
Bronson (Bourbon)	1.00	January 1, 1997	Leavenworth ^{1,19} (Leavenworth)	1.00	March 1, 1985
Burden (Cowley)	1.00	January 1, 1996	Leawood ^{1,8} (Johnson)	1.00	January 1, 1984
Caldwell ² (Sumner)	1.00	November 1, 1982	Lenexa ^{1,10} (Johnson)	1.00	February 1, 1984
Caney ^{1,2,20} (Montgomery)	1.75	January 1, 1993	Liberal ¹ (Seward)	1.00	October 1, 1994
Cedar Vale ¹ (Chautauqua)	1.00	October 1, 1997	Lindsborg ¹ (McPherson)	0.50	July 1, 1991
Chanute ^{1,21} (Neosho)	1.00	November 1, 1987	Longford ¹ (Clay)	1.00	January 1, 1989
Cherryvale ^{1,3} (Montgomery)	1.00	November 1, 1982	Louisburg ^{1,14} (Miami)	1.00	January 1, 1997
Chetopa ¹ (Labette)	1.00	July 1, 1985	Manhattan ^{1,4,26} (Riley, Pottawatomie)	1.50	January 1, 1995
Clay Center ^{1,2} (Clay)	1.00	November 1, 1984	Mayfield (Sumner)	0.50	November 1, 1982
Coffeyville ^{1,2} (Montgomery)	1.00	May 1, 1984	Medicine Lodge ¹ (Barber)	0.50	July 1, 1991
Colby ¹ (Thomas)	0.50	January 1, 1997	Merriam ^{1,11} (Johnson)	1.00	February 1, 1984
Coldwater (Comanche)	1.00	July 1, 1998	Miltonvale (Cloud)	1.00	July 1, 1987
Columbus ^{1,34} (Cherokee)	1.00	July 1, 1997	Mission ^{1,8} (Johnson)	1.00	July 1, 1985
Concordia ⁵ (Cloud)	1.00	February 1, 1983	Moran ¹ (Allen)	0.50	July 1, 1984
Conway Springs (Sumner)	1.00	October 1, 1989	Morland (Graham)	1.00	October 1, 1996
Cottonwood Falls (Chase)	1.00	January 1, 1991	Mound City (Linn)	1.00	July 1, 1993
Deerfield (Kearny)	1.00	October 1, 1994	Neodesha ^{2,25} (Wilson)	2.00	October 1, 1992
Delphos ¹ (Ottawa)	1.00	November 1, 1984	Norton (Norton)	0.50	April 1, 1993
DeSoto ^{1,14} (Johnson)	1.00	January 1, 1991	Ogden ^{1,2} (Riley)	1.00	November 1, 1982
Dighton (Lane)	1.00	July 1, 1983	Olathe ^{1,12} (Johnson)	1.00	February 1, 1984
Dodge City ^{1,28,36} (Ford)	1.00	October 1, 1997	Onaga (Pottawatomie)	1.00	November 1, 1982
Douglass (Butler)	1.00	January 1, 1995	Osawatomie ¹ (Miami)	0.50	July 1, 1981
Easton ¹ (Leavenworth)	1.00	July 1, 1985	Oswego ¹ (Labette)	1.00	July 1, 1995
Egerton ^{1,14} (Johnson)	1.00	July 1, 1985	Ottawa ¹ (Franklin)	0.50	February 1, 1979
Edna ¹ (Labette)	1.00	January 1, 1989	Overland Park ^{1,13} (Johnson)	1.00	February 1, 1984
Edwardsville ¹ (Wyandotte)	1.00	January 1, 1986	Oxford (Sumner)	1.00	November 1, 1984
Effingham ¹ (Atchison)	1.00	November 1, 1983	Paola ^{1,15} (Miami)	1.00	October 1, 1996
El Dorado (Butler)	1.00	October 1, 1989	Parsons ^{1,33} (Labette)	1.00	January 1, 1997
Elkhart ²³ (Morton)	1.00	January 1, 1995	Paxico ¹ (Wabaunsee)	1.00	October 1, 1996
Ellis (Ellis)	1.00	November 1, 1983	Perry ¹ (Jefferson)	0.50	July 1, 1981
Ellsworth ¹ (Ellsworth)	1.00	July 1, 1983	Phillipsburg (Phillips)	0.50	July 1, 1997
Elwood ¹ (Doniphan)	1.00	November 1, 1984	Pittsburg ^{1,3} (Crawford)	1.00	October 1, 1994
Emporia ³² (Lyon)	1.00	January 1, 1995	Plainville ³⁵ (Rooks)	1.00	April 1, 1997
Erie ^{1,7} (Neosho)	1.00	January 1, 1988	Pleasanton (Linn)	1.00	October 1, 1995
Eudora ¹ (Douglas)	0.50	November 1, 1982	Pomona ¹ (Franklin)	0.50	July 1, 1981
Fairway ^{1,20} (Johnson)	1.00	July 1, 1986	Prairie Village ^{1,9} (Johnson)	1.00	February 1, 1984
Fontana ¹ (Miami)	0.50	July 1, 1997	Princeton ¹ (Franklin)	0.50	July 1, 1995
Fort Scott (Bourbon)	1.00	January 1, 1984	Ransom (Ness)	0.50	October 1, 1993
Fredonia (Wilson)	1.00	January 1, 1986	Riley ¹ (Riley)	1.00	July 1, 1992
Frontenac ^{1,7} (Crawford)	1.00	January 1, 1995	Roeland Park ^{1,14} (Johnson)	1.00	March 1, 1984
Galena ^{1,17} (Cherokee)	1.00	July 1, 1984	Rolla (Morton)	1.00	January 1, 1997
Garden City ^{1,29} (Finney)	1.00	July 1, 1994	Rossville ¹ (Shawnee)	1.00	October 1, 1986
Gardner ^{1,7} (Johnson)	1.00	January 1, 1989	Sabetha ¹ (Nemaha & Brown)	0.50	July 1, 1991
Gas ¹ (Allen)	1.00	January 1, 1991	St. Marys ⁷ (Wabaunsee, Pottawatomie)	1.00	November 1, 1984
Girard ¹ (Crawford)	0.50	November 1, 1982	St. Paul ¹ (Neosho)	1.00	April 1, 1998
Glasco (Cloud)	1.00	July 1, 1983	Salina ¹ (Saline)	0.50	January 1, 1991
Hays ^{7,37} (Ellis)	1.50	October 1, 1998	Satanta ¹ (Haskell)	0.50	January 1, 1987
Herington ¹ (Dickinson, Morris)	0.50	July 1, 1980			
Hiawatha ^{1,2} (Brown)	1.00	January 1, 1997			
Hill City (Graham)	1.00	July 1, 1985			
Hillsboro ¹ (Marion)	0.50	May 1, 1985			

City (157) (County Where Located)	Rate	Effective Date	City (157) (County Where Located)	Rate	Effective Date
Scammon ¹ (Cherokee)	1.00	April 1, 1988	Ulysses (Grant)	1.00	November 1, 1983
Sedan ¹ (Chautauqua)	0.50	November 1, 1981	WaKeeney (Trego)	1.00	February 1, 1983
Shawnee ^{1,2} (Johnson)	1.00	July 1, 1985	Wakefield ^{1,2} (Clay)	1.00	November 1, 1982
South Hutchinson ¹ (Reno)	0.50	January 1, 1993	Wamego ^{7,27} (Pottawatomie)	1.75	January 1, 1993
Spivey (Kingman)	0.50	January 1, 1979	Weir ¹ (Cherokee)	1.00	November 1, 1984
Spring Hill ^{1,14} (Miami & Johnson)	1.00	February 1, 1984	Wellington ^{8,31} (Sumner)	1.25	January 1, 1994
Stockton (Rooks)	0.50	January 1, 1995	Wellsville ¹ (Franklin)	0.50	January 1, 1993
Strong City (Chase)	1.00	January 1, 1990	Westmoreland ²⁵ (Pottawatomie)	1.00	January 1, 1993
Sublette ¹ (Haskell)	0.50	January 1, 1983	Westwood ^{1,15} (Johnson)	1.00	February 1, 1984
Syracuse ¹ (Hamilton)	1.00	June 1, 1984	Westwood Hills ^{1,16} (Johnson)	1.00	February 1, 1984
Thayer ¹ (Neosho)	1.00	July 1, 1995	Williamsburg ^{1,14} (Franklin)	1.00	October 1, 1996
Tonganoxie ^{1,22} (Leavenworth)	1.00	July 1, 1989	Wilson ¹ (Ellsworth)	1.00	September 1, 1983
Topeka ^{1,4} (Shawnee)	1.00	November 1, 1982	Winfield ¹⁸ (Cowley)	1.00	November 1, 1984
Toronto (Woodson)	0.50	November 1, 1982	Yates Center ⁷ (Woodson)	1.00	January 1, 1986
Towanda (Butler)	1.00	July 1, 1995			

Footnotes:

- 1) City sales tax is in addition to the county sales tax; see "Local Sales Taxes -- County."
- 2) Rate of 0.5% had been effective November 1, 1980.
- 3) Rate of 0.5% had been effective February 1, 1981.
- 4) Rate of 0.5% had been effective July 1, 1971.
- 5) Rate of 0.5% had been effective September 1, 1981.
- 6) Rate of 0.5% had been effective January 1, 1979.
- 7) Rate of 0.5% had been effective November 1, 1982.
- 8) Rate of 0.5% had been effective February 1, 1979.
- 9) Rate of 0.5% had been effective October 1, 1978.
- 10) Rate of 0.5% had been effective February 1, 1980.
- 11) Rate of 0.5% had been effective July 1, 1979.
- 12) Rate of 0.5% had been effective June 1, 1980.
- 13) Rate of 0.5% had been effective January 1, 1978.
- 14) Rate of 0.5% had been effective July 1, 1982.
- 15) Rate of 0.5% had been effective July 1, 1981.
- 16) Rate of 0.5% had been effective July 1, 1980.
- 17) Rate of 0.5% had been effective February 1, 1977.
- 18) Rate of 0.5% had been effective October 1, 1981.
- 19) Rate of 0.5% had been effective July 1, 1977.
- 20) Rate of 0.5% had been effective September 1, 1983.
- 21) Rate of 0.5% had been effective October 1, 1979.
- 22) Rate of 0.5% had been effective November 1, 1984.
- 23) Rate of 0.5% had been effective November 1, 1981.
- 24) Rate of 0.5% had been effective January 1, 1981.
- 25) Rate of 1.0% had been effective February 1, 1983.
- 26) Rate of 1.0% had been effective November 1, 1982.
- 27) Rate of 1.0% had been effective September 1, 1983.
- 28) Rate of 0.5% had been effective December 1, 1981.
- 29) Rate of 0.5% had been effective February 1, 1983.
- 30) Rate of 0.5% had been effective July 1, 1986.
- 31) Rate of 1.0% had been effective July 1, 1983.
- 32) Rate of 0.5% had been effective September 1, 1984.
- 33) Rate of 0.5% had been effective January 1, 1983.
- 34) Rate of 1.0% had been effective April 1, 1987. Rate was 0.5% from July 1, 1982 thru March 31, 1987; and from April 1, 1997 thru June 30, 1997.
- 35) Rate of 0.5% had been effective February 1, 1985.
- 36) Rate of 0.75% had been effective January 1, 1994.
- 37) Rate of 1.0% had been effective July 1, 1992.

LOCAL SALES TAXES—COUNTY

County (71)	Rate	Effective Date	County (71)	Rate	Effective Date	County (71)	Rate	Effective Date
Allen ¹	1.00%	October 1, 1994	Hamilton	0.50%	January 1, 1993	Pawnee	1.00	July 1, 1983
Anderson	1.00	January 1, 1983	Harvey	1.00	July 1, 1986	Pratt	1.00	July 1, 1982
Atchison ²⁰	1.50	July 1, 1998	Haskell	0.50	January 1, 1983	Rawlins	1.00	February 1, 1983
Barber	1.00	February 1, 1983	Jackson ⁶	1.00	November 1, 1982	Reno ⁹	1.00	July 1, 1986
Barton	1.00	November 1, 1982	Jefferson ³	1.00	October 1, 1998	Republic	1.00	November 1, 1982
Brown	1.00	November 1, 1982	Jewell	1.00	February 1, 1983	Rice	1.00	November 1, 1982
Chautauqua	1.00	February 1, 1983	Johnson ^{7,8}	0.975	April 1, 1997	Riley	0.50	February 1, 1983
Cherokee	1.00	November 1, 1982	Kiowa	1.00	November 1, 1982	Russell	1.00	April 1, 1988
Cheyenne ¹⁸	2.00	July 1, 1996	Labette	1.00	September 1, 1981	Saline ¹⁴	1.00	June 1, 1995
Clay	0.50	November 1, 1982	Leavenworth	1.00	January 1, 1997	Scott	1.00	May 1, 1982
Crawford ¹³	1.50	July 1, 1995	Lincoln	1.00	February 1, 1983	Sedgwick	1.00	October 1, 1985
Decatur	1.00	November 1, 1984	Logan	1.00	November 1, 1982	Seward ¹⁶	1.50	January 1, 1996
Dickinson ¹⁵	1.00	July 1, 1997	Lyon ¹⁹	---	August 1, 1997	Shawnee	0.25	January 1, 1995
Doniphan	1.00	October 1, 1994	Marion	1.00	July 1, 1987	Sherman ¹²	1.50	October 1, 1998
Douglas	1.00	January 1, 1995	McPherson	1.00	July 1, 1982	Stafford	1.00	November 1, 1984
Edwards	1.00	November 1, 1983	Meade	1.00	November 1, 1984	Stanton	1.00	November 1, 1984
Elk	1.00	November 1, 1982	Miami	1.00	July 1, 1983	Thomas	1.00	November 1, 1982
Ellsworth	0.50	January 1, 1997	Mitchell	1.00	November 1, 1982	Wabaunsee	1.00	February 1, 1983
Finney ¹¹	0.75	July 1, 1995	Montgomery ⁴	1.00	January 1, 1995	Washington	1.00	February 1, 1983
Ford ²	1.00	October 1, 1997	Morris	1.00	November 1, 1982	Wichita ¹⁷	2.00	January 1, 1996
Franklin ¹⁰	1.50	January 1, 1993	Nemaha	1.00	November 1, 1982	Wyandotte ⁷	1.00	January 1, 1984
Geary ⁵	1.25	April 1, 1993	Neosho	0.50	October 1, 1994			
Gove	1.00	November 1, 1984	Osage	1.00	November 1, 1982			
Gray	1.00	February 1, 1983	Osborne	0.50	January 1, 1983			
Greeley	1.00	November 1, 1982	Ottawa ¹²	2.00	July 1, 1995			
Greenwood	1.00	July 1, 1995						

- Rate of 0.5 percent was effective November 1, 1982.
- Rate of 0.5 percent was effective January 1, 1983 and rate of 0.75% was effective July 1, 1991.
- Rate of 1.0 percent was effective May 1, 1983. Rate of 2.0 percent was effective January 1, 1994 through September 30, 1998.
- 4) Rate of 1.0 percent also was effective from January 1, 1988 through July 30, 1990.
- 5) Rate of 0.5 percent was effective November 1, 1974, and rate of 1.0 percent was effective October 1, 1978.
- 6) Rate of 2.0 percent was effective July 1, 1989 through June 30, 1994.
- 7) Rate of 0.5 percent was effective October 1, 1975, rate of 0.6 percent was effective July 1, 1990, and rate of 0.85 was effective July 1, 1995.
- 8) Combined rate of 0.975 percent includes 0.1 percent for stormwater management and 0.125 for culture-district compact.
- 9) Rate of 0.5 percent was effective November 1, 1977.
- 10) Rate of 1.0 percent was effective July 1, 1983.
- 11) Rate was 0.5 percent from November 1, 1981 through June 30, 1991; and October 1, 1992 through June 30, 1995. Rate also was 0.75 percent from July 1, 1991 through September 30, 1992.
- 12) Rate of 1.0 percent was effective February 1, 1983. Rate of 1.25 percent was effective October 1, 1992 through September 30, 1998.
- 13) Rate of 1.0 percent was effective November 1, 1983.
- 14) Rate was 1.5 percent from January 1, 1993 through May 31, 1995. Rate also was 1.0 percent from November 1, 1982 through December 31, 1992.
- 15) Rate of 1.0 percent was effective July 1, 1983 and rate of 1.25 percent was effective January 1, 1986 thru June 30, 1997.
- 16) Rate of 0.5 percent was effective October 1, 1975 and rate of 1.0 percent was effective November 1, 1980.
- 17) Rate of 1.0 percent was effective November 1, 1982.
- 18) Rate of 1.0 percent was effective July 1, 1986.
- 19) Rate of 0.50 percent was effective October 1, 1992 thru July 31, 1997.
- 20) Rate of 1.0 percent was effective October 1, 1993 through June 30, 1998.

COMBINED LOCAL SALES TAX RATES

1.25% Rate (5 cities and part of 1 county) (State + local rates = 6.15%)

- Geary County (1.25) other than Junction City
- Holton (0.25) in Jackson County (1.0)
- Auburn (1.0), Rossville (1.0), and Topeka (1.0) in Shawnee County (0.25)
- Wellington (1.25) in Sumner County. (Sumner County currently has no local sales tax.)

1.5% Rate (31 cities, part of 1 city, and parts of 4 counties, and the entirety of 1 county) (State + local rates = 6.40%)

- Humboldt (0.5) and Moran (0.5) in Allen County (1.0)
- Atchison County (1.5) other than in cities of Atchison and Effingham.
- Medicine Lodge (0.5) in Barber County (1.0)
- Sabetha (0.5) in both Nemaha County (1.0) and Brown County (1.0)
- Sedan (0.5) in Chautauqua County (1.0)
- Clay Center (1.0), Longford (1.0), and Wakefield (1.0) in Clay County (0.5)
- Abilene (0.5) and Herington (part) (0.5) in Dickinson County (1.0)
- Eudora (0.5) in Douglas County (1.0)
- Hays (1.5) in Ellis County (no sales tax)
- Ellsworth (1.0), Kanopolis, and Wilson (1.0) in Ellsworth County (0.5)
- Syracuse (1.0) in Hamilton County (0.5)
- Perry (0.5) in Jefferson County (1.0)
- Basehor (0.5) in Leavenworth County (1.0)
- Hillsboro (0.5) in Marion County (1.0)
- Lindsborg (0.5) in McPherson County (1.0)
- Fontana (0.5) and Osawatomie (0.5) Miami County (1.0)
- Herington (part) (0.5) in Morris County (1.0)
- Chanute (1.0), Thayer (1.0), St. Paul (1.0), and Erie (1.0) in Neosho County (0.5)
- Manhattan (part) (1.5) in Pottawatomie County (no sales tax)
- South Hutchinson (0.5) in Reno County (1.0)
- Ogden (1.0) and Riley (1.0) in Riley County (0.5)
- Salina (0.5) in Saline County (1.0)
- Sherman County (1.5)
- Colby (0.5) in Thomas County (1.0)
- Crawford County (1.5) other than Arma, Girard, Frontenac, and Pittsburg
- Franklin County (1.5) other than Ottawa, Pomona, Wellsville, and Williamsburg
- Seward County (1.5) other than Liberal

1.75% Rate (3 cities) (State + local rates = 6.65%)

- Garden City (1.0) in Finney County (0.75)
- Wamego (1.75) in Pottawatomie County (Pottawatomie County currently has no local sales tax)
- Hutchinson (0.75) in Reno County (1.0)

1.975% Rate (15 cities and parts of 2 cities) (State + local rates = 6.875%)

- DeSoto (1.0), Edgerton (1.0), Fairway (1.0), Gardner (1.0), Leawood (1.0), Lenexa (1.0), Merriam (1.0), Mission (1.0), Olathe (1.0), Overland Park (1.0), Prairie Village (1.0), Roeland Park (1.0), Shawnee (1.0), Spring Hill (part) (1.0), Westwood (1.0), Westwood Hills (1.0), and Bonner Springs (1.0) (part) in Johnson County (0.975)

2% Rate (37 cities, parts of 4 cities, 2 counties, and parts of 1 county) (State + local rates = 6.90%)

- Gas (1.0) and Iola (1.0) in Allen County (1.0)
- Horton (1.0) and Hiawatha (1.0) in Brown County (1.0)
- Cedar Vale (1.0) in Chautauqua County (1.0)
- Baxter Springs (1.0), Columbus (1.0), Galena (1.0), Scammon (1.0), and Weir (1.0) in Cherokee County (1.0)
- Arma (0.5) and Girard (0.5) in Crawford County (1.5)
- Elwood (1.0) in Doniphan County (1.0)
- Baldwin (1.0) and Lawrence (1.0) in Douglas County (1.0)
- Ottawa (0.5), Pomona (0.5), Princeton (0.5), and Wellsville (0.5), Dodge City (1.0) in Ford County (1.0) in Franklin County (1.5)
- Parsons (1.0), Chetopa (1.0), Oswego (1.0), and Edna (1.0) in Labette County (1.0)
- Easton (1.0), Lansing (1.0), Leavenworth (1.0), and Tonganoxie (1.0) in Leavenworth County (1.0)
- Spring Hill (part) (1.0), Louisburg (1.0), and Paola (1.0) in Miami County (1.0)
- Cherryvale (1.0), Coffeyville (1.0), and Independence (1.0) in Montgomery County (1.0)
- Manhattan (part) (1.5) in Riley County (0.5)
- Paxico (1.0) and St. Mary's (part) (1.0) in Wabaunsee County (1.0)
- Neodesha (2.0) in Wilson County (Wilson County currently has no local sales tax.)
- Bonner Springs (part) (1.0), Edwardsville (1.0), and Kansas City (1.0) in Wyandotte County (1.0)
- Ottawa County (2.0) other than Delphos
- Cheyenne County (2.0)
- Wichita County (2.0)

2.25% Rate (1 city) (State + local rates = 7.15%)

- Junction City (1.0) in Geary County (1.25)

2.5% Rate (7 cities) (State + local rates = 7.40%)

- Atchison (1.0) and Effingham (1.0) in Atchison County (1.5)
- Williamsburg (1.0) in Franklin County (1.5)
- Perry (0.5) in Jefferson County (2.0)
- Frontenac (1.0) and Pittsburg (1.0) in Crawford County (1.5)
- Liberal (1.0) in Seward County (1.5)

2.75% Rate (1 city) (State + local rates = 7.65%)

- Caney (1.75) in Montgomery County (1.0)

3.00% Rate (1 city) (State + local rates = 7.90%)

- Delphos (1.0) in Ottawa County (2.0)

Combined State and Local Sales Tax Rates in Cities and Counties

		Co + City Combined Rates	State + Co + City Combined Rates		Co + City Combined Rates	State + Co + City Combined Rates
<u>Allen Co</u>	<u>1.00%</u>			<u>Chautauqua Co</u>	<u>1.00%</u>	
4 City Taxes				1 City Tax		
Humboldt	0.50%	1.50%	6.40%	Sedan	0.50%	1.50%
Moran	0.50%	1.50%	6.40%	Cedar Vale	1.00%	2.00%
Gas	1.00%	2.00%	6.90%			6.90%
Iola	1.00%	2.00%	6.90%	<u>Cherokee Co</u>	<u>1.00%</u>	
				5 City Taxes		
<u>Anderson Co</u>	<u>1.00%</u>			Baxter Springs	1.00%	2.00%
No City Taxes		1.00%	5.90%	Columbus	1.00%	2.00%
				Galena	1.00%	2.00%
<u>Atchison Co</u>	<u>1.50%</u>			Scammon	1.00%	2.00%
2 City Taxes				Weir	1.00%	2.00%
Atchison	1.00%	2.50%	7.40%			6.90%
Effingham	1.00%	2.50%	7.40%	<u>Cheyenne Co</u>	<u>2.00%</u>	
				No City Taxes		
<u>Barber Co</u>	<u>1.00%</u>			<u>Clark Co</u>	<u>No County Tax</u>	
1 City Tax				No City Taxes		0.00%
Medicine Lodge	0.50%	1.50%	6.40%			4.90%
				<u>Clay Co</u>	<u>0.50%</u>	
<u>Barton Co</u>	<u>1.00%</u>			3 City Taxes		
No City Taxes		1.00%	5.90%	Clay Center	1.00%	1.50%
				Longford	1.00%	1.50%
<u>Bourbon Co</u>	<u>No County Tax</u>			Wakefield	1.00%	1.50%
2 City Taxes						6.40%
Bronson	1.00%	1.00%	5.90%	<u>Cloud Co</u>	<u>No County Tax</u>	
Fort Scott	1.00%	1.00%	5.90%	3 City Taxes		
				Concordia	1.00%	1.00%
<u>Brown Co</u>	<u>1.00%</u>			Glasco	1.00%	1.00%
3 City Taxes				Miltonvale	1.00%	1.00%
Sabetha (part)	0.50%	1.50%	6.40%			5.90%
Horton	1.00%	2.00%	6.90%	<u>Coffey Co</u>	<u>No County Tax</u>	
Hiawatha	1.00%	2.00%	6.90%	No City Taxes		0.00%
						4.90%
<u>Butler Co</u>	<u>No County Tax</u>			<u>Comanche Co</u>	<u>No County Tax</u>	
5 City Taxes				1 City Tax		
Andover	0.50%	0.50%	5.40%	Coldwater	1.00%	1.00%
Augusta	0.50%	0.50%	5.40%			5.90%
Douglass	1.00%	1.00%	5.90%	<u>Cowley Co</u>	<u>No County Tax</u>	
El Dorado	1.00%	1.00%	5.90%	3 City Taxes		
Towanda	1.00%	1.00%	5.90%	Arkansas City	1.00%	1.00%
				Burden	1.00%	1.00%
<u>Chase Co</u>	<u>No County Tax</u>			Winfield	1.00%	1.00%
2 City Taxes						5.90%
C'tnwood Falls	1.00%	1.00%	5.90%			5.90%
Strong City	1.00%	1.00%	5.90%			5.90%

		Co + City Combined Rates	State + City Combined Rates			Co + City Combined Rates	State + City Combined Rates
<u>Crawford Co</u>	<u>1.50%</u>			<u>Franklin Co</u>	<u>1.50%</u>		
4 City Taxes				5 City Taxes			
Arma	0.50%	2.00%	6.90%	Ottawa	0.50%	2.00%	6.90%
Girard	0.50%	2.00%	6.90%	Pomona	0.50%	2.00%	6.90%
Frontenac	1.00%	2.50%	7.40%	Princeton	0.50%	2.00%	6.90%
Pittsburg	1.00%	2.50%	7.40%	Wellsville	0.50%	2.00%	6.90%
				Williamsburg	1.00%	2.50%	7.40%
<u>Decatur Co</u>	<u>1.00%</u>			<u>Geary Co</u>	<u>1.25%</u>		
No City Taxes		1.00%	5.90%	1 City Tax			
				Junction City	1.00%	2.25%	7.15%
<u>Dickinson Co</u>	<u>1.00%</u>			<u>Gove Co</u>	<u>1.00%</u>		
2 City Taxes				No City Taxes		1.00%	5.90%
Abilene	0.50%	1.50%	6.40%				
Herington (part)	0.50%	1.50%	6.40%				
				<u>Graham Co</u>	<u>No County Tax</u>		
<u>Doniphan Co</u>	<u>1.00%</u>			2 City Taxes			
1 City Tax				Hill City	1.00%	1.00%	5.90%
Elwood	1.00%	2.00%	6.90%	Morland	1.00%	1.00%	5.90%
<u>Douglas Co</u>	<u>1.00%</u>			<u>Grant Co</u>	<u>No County Tax</u>		
3 City Taxes				1 City Tax			
Eudora	0.50%	1.50%	6.40%	Ulysses	1.00%	1.00%	5.90%
Baldwin	1.00%	2.00%	6.90%				
Lawrence	1.00%	2.00%	6.90%				
				<u>Gray Co</u>	<u>1.00%</u>		
<u>Edwards Co</u>	<u>1.00%</u>			No City Taxes		1.00%	5.90%
No City Taxes		1.00%	5.90%				
				<u>Greeley Co</u>	<u>1.00%</u>		
<u>Elk Co</u>	<u>1.00%</u>			No City Taxes		1.00%	5.90%
No City Taxes		1.00%	5.90%				
				<u>Greenwood Co</u>	<u>1.00%</u>		
<u>Ellis Co</u>	<u>No County Tax</u>			No City Taxes		1.00%	5.90%
2 City Taxes							
Ellis	1.00%	1.00%	5.90%	<u>Hamilton Co</u>	<u>0.50%</u>		
Hays	1.50%	1.50%	6.40%	1 City Tax			
				Syracuse	1.00%	1.50%	6.40%
<u>Ellsworth Co</u>	<u>0.50%</u>						
3 City Taxes				<u>Harper Co</u>	<u>No County Tax</u>		
Ellsworth	1.00%	1.50%	6.40%	1 City Tax			
Kanopolis	1.00%	1.50%	6.40%	Anthony	0.50%	0.50%	5.40%
Wilson	1.00%	1.50%	6.40%				
				<u>Harvey Co</u>	<u>1.00%</u>		
<u>Finney Co</u>	<u>0.75%</u>			No City Taxes		1.00%	5.90%
1 City Tax							
Garden City	1.00%	1.75%	6.65%	<u>Haskell Co</u>	<u>0.50%</u>		
				2 City Taxes			
<u>Ford Co</u>	<u>1.00%</u>			Satanta	0.50%	1.00%	5.90%
1 City Tax				Sublette	0.50%	1.00%	5.90%
Dodge City	1.00%	2.00%	6.90%				

	Co + City Combined Rates		State + Co + City Combined Rates		Co + City Combined Rates		S Co + City Combined Rates
<u>Hodgeman Co</u> No City Taxes	<u>No County Tax</u> 0.00%		4.90%	<u>Labette Co</u> 4 City Taxes	1.00%		
<u>Jackson Co</u> 1 City Tax Holton	1.00% 0.25% 1.25%		6.15%	Parsons	1.00%	2.00%	6.90%
<u>Jefferson Co</u> 1 City Tax Perry	1.00% 0.50% 1.50%		6.40%	Chetopa	1.00%	2.00%	6.90%
<u>Jewell Co</u> No City Taxes	1.00% 1.00%		5.90%	Edna	1.00%	2.00%	6.90%
<u>Johnson Co</u> 17 City Taxes Bn Springs (part) DeSoto Edgerton Fairway Gardner Leawood Lenexa Merriam Mission Olathe Overland Park Prairie Village Roeland Park Shawnee Spring Hill (part) Westwood Westwood Hills	0.975% 1.00% 1.975% 1.00% 1.975% 1.00% 1.975% 1.00% 1.975% 1.00% 1.975% 1.00% 1.975% 1.00% 1.975% 1.00% 1.975% 1.00% 1.975% 1.00% 1.975% 1.00% 1.975% 1.00% 1.975% 1.00% 1.975% 1.00% 1.975% 1.00% 1.975% 1.00% 1.975% 1.00% 1.975% 1.00% 1.975%		6.875% 6.875% 6.875% 6.875% 6.875% 6.875% 6.875% 6.875% 6.875% 6.875% 6.875% 6.875% 6.875% 6.875% 6.875% 6.875% 6.875% 6.875% 6.875% 6.875%	<u>Lane Co</u> 1 City Tax Dighton	<u>No County Tax</u> 1.00% 1.00%		5.90%
<u>Kearny Co</u> 2 City Taxes Deerfield Lakin	<u>No County Tax</u> 1.00% 1.00% 1.00% 1.00%		5.90% 5.90%	<u>Leavenworth Co</u> 5 City Taxes Basehor Easton Lansing Leavenworth Tonganoxie	1.00% 0.50% 1.50% 1.00% 2.00% 1.00% 2.00% 1.00% 2.00% 1.00% 2.00%		6.40% 6.90% 6.90% 6.90% 6.90%
<u>Kingman Co</u> 1 City Tax Spivey	<u>No County Tax</u> 0.50% 0.50%		5.40%	<u>Lincoln Co</u> No City Taxes	1.00% 1.00%		5.90%
<u>Kiowa Co</u> No City Taxes	1.00% 1.00%		5.90%	<u>Linn Co</u> 3 City Taxes LaCygne Mound City Pleasanton	<u>No County Tax</u> 1.00% 1.00% 1.00% 1.00% 1.00% 1.00%		5.90% 5.90% 5.90%
				<u>Logan Co</u> No City Taxes	1.00% 1.00%		5.90%
				<u>Lyon Co</u> 2 City Taxes Americus Emporia	<u>No County Tax</u> 0.50% 0.50% 1.00% 1.00%		5.40% 5.90%
				<u>Marion Co</u> 1 City Tax Hillsboro	1.00% 0.50% 1.50%		6.40%
				<u>Marshall Co</u> No City Taxes	<u>No County Tax</u> 0.00%		4.90%
				<u>McPherson Co</u> 1 City Tax Lindsborg	1.00% 0.50% 1.50%		6.40%
				<u>Meade Co</u> No City Taxes	1.00% 1.00%		5.90%



	Co + City State + Loc Combined C onned Rates Rates			Co + City State + Loc Combined C onned Rates Rates		
<u>Miami Co</u>	<u>1.00%</u>			<u>Ottawa Co</u>	<u>2.00%</u>	
5 City Taxes				1 City Tax		
Fontana	0.50%	1.50%	6.40%	<u>Delphos</u>	<u>1.00%</u>	<u>3.00%</u> <u>7.90%</u>
Osawatomie	0.50%	1.50%	6.40%			
Louisburg	1.00%	2.00%	6.90%	<u>Pawnee Co</u>	<u>1.00%</u>	
Paola	1.00%	2.00%	6.90%	No City Taxes		1.00% 5.90%
Spring Hill (part)	1.00%	2.00%	6.90%			
				<u>Phillips Co</u>	<u>No County Tax</u>	
<u>Mitchell Co</u>	<u>1.00%</u>			1 City Tax		
No City Taxes		1.00%	5.90%	Phillipsburg	0.50%	0.50% 5.40%
<u>Montgomery Co</u>	<u>1.00%</u>			<u>Pottawatomie Co</u>	<u>No County Tax</u>	
4 City Taxes				5 City Taxes		
Cherryvale	1.00%	2.00%	6.90%	Onaga	1.00%	1.00% 5.90%
Coffeyville	1.00%	2.00%	6.90%	St Marys (part)	1.00%	1.00% 5.90%
Independence	1.00%	2.00%	6.90%	Westmoreland	1.00%	1.00% 5.90%
Caney	1.75%	2.75%	7.65%	Manhattan (part)	1.50%	1.50% 6.40%
				Wamego	1.75%	1.75% 6.65%
<u>Morris Co</u>	<u>1.00%</u>					
1 City Tax				<u>Pratt Co</u>	<u>1.00%</u>	
Herington (part)	0.50%	1.50%	6.40%	No City Taxes		1.00% 5.90%
<u>Morton Co</u>	<u>No County Tax</u>			<u>Rawlins Co</u>	<u>1.00%</u>	
2 City Taxes				No City Taxes		1.00% 5.90%
Elkhart	1.00%	1.00%	5.90%			
Rolla	1.00%	1.00%	5.90%	<u>Reno Co</u>	<u>1.00%</u>	
				2 City Taxes		
<u>Nemaha Co</u>	<u>1.00%</u>			So Hutchinson	0.50%	1.50% 6.40%
1 City Tax				Hutchinson	0.75%	1.75% 6.65%
Sabetha (part)	0.50%	1.50%	6.40%			
				<u>Republic Co</u>	<u>1.00%</u>	
<u>Neosho Co</u>	<u>0.50%</u>			No City Taxes		1.00% 5.90%
3 City Taxes						
Chanute	1.00%	1.50%	6.40%	<u>Rice Co</u>	<u>1.00%</u>	
Erie	1.00%	1.50%	6.40%	No City Taxes		1.00% 5.90%
St Paul	1.00%	1.50%	6.40%			
Thayer	1.00%	1.50%	6.40%	<u>Riley Co</u>	<u>0.50%</u>	
				3 City Taxes		
<u>Ness Co</u>	<u>No County Tax</u>			Ogden	1.00%	1.50% 6.40%
1 City Tax				Riley	1.00%	1.50% 6.40%
Ransom	0.50%	0.50%	5.40%	Manhattan (part)	1.50%	2.00% 6.90%
<u>Norton Co</u>	<u>No County Tax</u>			<u>Rooks Co</u>	<u>No County Tax</u>	
1 City Tax				2 City Taxes		
Norton	0.50%	0.50%	5.40%	Stockton	0.50%	0.50% 5.40%
				Plainville	1.00%	1.00% 5.90%
<u>Osage Co</u>	<u>1.00%</u>					
No City Taxes		1.00%	5.90%	<u>Rush Co</u>	<u>No County Tax</u>	
				1 City Tax		
<u>Osborne Co</u>	<u>0.50%</u>			LaCrosse	1.00%	1.00% 5.90%
No City Taxes		0.50%	5.40%			

		Co + City Combined Rates	State + Loc Combined Rates		Co + City Combined Rates	State Co. Rates	Loc al Rates
<u>Russell Co</u>	<u>1.00%</u>			<u>Sumner Co</u>	<u>No County Tax</u>		
No City Taxes		1.00%	5.90%	7 City Taxes			
				Mayfield	0.50%	0.50%	5.40%
<u>Saline Co</u>	<u>1.00%</u>			Argonia	1.00%	1.00%	5.90%
1 City Tax				Belle Plaine	1.00%	1.00%	5.90%
Salina	0.50%	1.50%	6.40%	Caldwell	1.00%	1.00%	5.90%
				Conway Springs	1.00%	1.00%	5.90%
<u>Scott Co</u>	<u>1.00%</u>			Oxford	1.00%	1.00%	5.90%
No City Taxes		1.00%	5.90%	Wellington	1.25%	1.25%	6.15%
<u>Sedgwick Co</u>	<u>1.00%</u>			<u>Thomas Co</u>	<u>1.00%</u>		
No City Taxes		1.00%	5.90%	1 City Tax			
				Colby	0.50%	1.50%	6.40%
<u>Seward Co</u>	<u>1.50%</u>			<u>Trego Co</u>	<u>No County Tax</u>		
1 City Tax				1 City Tax			
Liberal	1.00%	2.50%	7.40%	WaKeeney	1.00%	1.00%	5.90%
<u>Shawnee Co</u>	<u>0.25%</u>			<u>Wabaunsee Co</u>	<u>1.00%</u>		
3 City Taxes				2 City Taxes			
Auburn	1.00%	1.25%	6.15%	Paxico	1.00%	2.00%	6.90%
Rossville	1.00%	1.25%	6.15%	St Marys (part)	1.00%	2.00%	6.90%
Topeka	1.00%	1.25%	6.15%				
<u>Sheridan Co</u>	<u>No County Tax</u>			<u>Wallace Co</u>	<u>No County Tax</u>		
No City Taxes		0.00%	4.90%	No City Taxes		0.00%	4.90%
<u>Sherman Co</u>	<u>1.50%</u>			<u>Washington Co</u>	<u>1.00%</u>		
No City Taxes		1.50%	6.40%	No City Taxes		1.00%	5.90%
<u>Smith Co</u>	<u>No County Tax</u>			<u>Wichita Co</u>	<u>2.00%</u>		
No City Taxes		0.00%	4.90%	No City Taxes		2.00%	6.90%
<u>Stafford Co</u>	<u>1.00%</u>			<u>Wilson Co</u>	<u>No County Tax</u>		
No City Taxes		1.00%	5.90%	2 City Taxes			
				Fredonia	1.00%	1.00%	5.90%
<u>Stanton Co</u>	<u>1.00%</u>			Neodesha	2.00%	2.00%	6.90%
No City Taxes		1.00%	5.90%				
				<u>Woodson Co</u>	<u>No County Tax</u>		
<u>Stevens Co</u>	<u>No County Tax</u>			2 City Taxes			
1 City Tax				Toronto	0.50%	0.50%	5.40%
Hugoton	1.00%	1.00%	5.90%	Yates Center	1.00%	1.00%	5.90%
				<u>Wyandotte Co</u>	<u>1.00%</u>		
				3 City Taxes			
				Bonner Springs	1.00%	2.00%	6.90%
				Edwardsville	1.00%	2.00%	6.90%
				Kansas City	1.00%	2.00%	6.90%

	Primary County Population- <u>Wise</u>	Secondary County Population- <u>Wise</u>	City Sales Tax Exists <u>on 10/1/97</u>
Bonner Springs	Wyandotte	Johnson	yes
Clayton	Norton	Decatur	no
Clifton	Washington	Clay	no
Geuda Springs	Sumner	Cowley	no
Herington	Dickinson	Morris	yes
Lake Quivira	Johnson	Wyandotte	no
Manhattan	Riley	Pott	yes
Mulvane	Sedgwick	Sumner	no
Oakley	Logan	Thomas	no
Sabetha	Nemaha	Brown	yes
Sedgwick	Harvey	Sedgwick	no
Simpson	Mitchell	Cloud	no
Spring Hill	Johnson	Miami	yes
St Marys	Pott	Wabaunsee	yes
Vining	Clay	Washington	no
Willard	Shawnee	Wabaunsee	no

Sources: Division of the Budget "Certified Kansas Population Figures" and
 Department of Revenue "Local Sales Tax Rates for Cities and Counties"

STATE OF KANSAS



DIVISION OF THE BUDGET

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January 28, 1999

Bill Graves
Governor

Duane A. Goossen
Director

The Honorable David Adkins, Chairperson
House Committee on Taxation
Statehouse, Room 448-N
Topeka, Kansas 66612

Dear Representative Adkins:

SUBJECT: Fiscal Note for HB 2098 by Representative Franklin, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2098 is respectfully submitted to your committee.

HB 2098 would gradually reduce the sales tax rate on food to 0.9 percent by January 1, 2003. The current rate is 4.9 percent. Beginning on January 1, 2000, the rate would decrease to 3.9 percent. On January 1, 2001, the rate would decrease to 2.9 percent and on January 1, 2002, the rate would decrease to 1.9 percent. Finally, on January 1, 2003, the rate would decrease to 0.9 percent and remain at that level for each subsequent calendar year. These rates would apply to any food which can be purchased using USDA-issued food stamps, but would specifically exclude dine-in food types, carryout prepared foods, and any food sold in vending machines.

Estimated State Fiscal Impact				
	FY 1999 SGF	FY 1999 All Funds	FY 2000 SGF	FY 2000 All Funds
Revenue	--	--	(\$18,500,000)	(\$19,500,000)
Expenditure	--	--	--	--
FTE Pos.	--	--	--	--

HB 2098 would reduce state sales tax revenues in FY 2000 by \$19.5 million, of which the State General Fund would be reduced by \$18.5 million and the State Highway Fund would be reduced by \$1.0 million. According to the Department of Revenue, the reductions in each subsequent year would be as follows (dollars in millions):

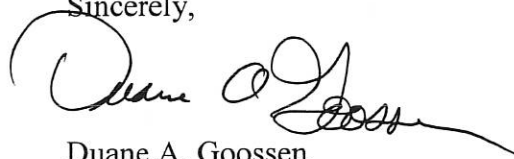
HOUSE TAXATION
1-28-99
ATTACHMENT 2

	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005
State General Fund	\$65.4	\$116.0	\$170.6	\$207.7	\$216.0
State Highway Fund	3.5	6.3	9.2	11.2	11.6
All Funds	<u>\$68.9</u>	<u>\$122.3</u>	<u>\$179.8</u>	<u>\$218.9</u>	<u>\$227.6</u>

The Department's estimate is based on anticipated total sales tax collections of \$1,528.0 million for FY 2000. Sales tax collections for food represent 15.0 percent of the total. Because the bill changes the state sales tax rate on January 1 of each year, the applied rate would result in seven months of sales tax collections at one rate (July-January) and five months at the lower rate (February-June). The Department's estimate assumes a 4.0 percent growth rate on sales tax between FY 2001 and FY 2005.

The Department states that the administrative changes required by this bill would put the Department's Y2K compliance at risk. This bill also would place other functions at risk in calendar year 2000, including the ability to process sales, corporate income, individual income, and withholding tax. This bill would require extensive modifications to the sales tax processing system. The changes would occur late in the development process and could jeopardize meeting the implementation date of November 1999.

Sincerely,



Duane A. Goossen
Director of the Budget

cc: Lynn Robinson, Revenue
League of KS Municipalities
KS Association of Counties

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GROCERY SALES TAX ELIMINATION

1-28-99

Mr. Chairman and House Tax Committee members, thank you for this opportunity to discuss with you the many benefits of eliminating the state sales tax on food bought in grocery stores for home consumption. This is arguably the broadest based tax in Kansas. Who doesn't eat? The poor, middle income, and rich all eat food at home. Young families, the elderly, singles, farmers, urban dwellers, and even politicians consume food purchased in grocery stores. Because of this indiscriminate nature of consuming food, all but 16 states have eliminated or dramatically reduced the food tax.

The fiscal note is approximately \$19.9 million in FY2000, \$67 million in FY2001, \$96.4 million in FY2002, \$149.6 million in FY2003, and \$162.1 million in FY2004. Listed below are some talking points which I would like to go over with you this morning.

Proposal

HB 2098 to reduce the 4.9% state sales tax on food starting on January 1, 2000.

Once fully phased in 2003, a family of six would get a tax savings of over \$500/year.

** This bill would not include a sales tax repeal on food purchased in restaurants and vending machines. This applies to essential grocery purchases. Those with limited incomes are not eating in restaurants.

Border Communities are Impacted Adversely by the Tax on Groceries.

The 23rd District is one of many districts which are located on the border of Missouri and Kansas. Voters in the 23rd district can drive just a few minutes and purchase their groceries from out-of-state grocery retailers and save themselves 3% on their grocery bill.

Voters desire to repeal grocery tax in 23rd district bested only by property tax.

A survey done in the 23rd district in December of 1997, voters told me that a reduction in the sales tax on food items bought in grocery stores was their second most important tax issue – ahead of reducing the income tax rate, acceleration of the phase in of tax equalization and a constitutional spending limit. It ranked only behind their request to reduce the property tax.

HOUSE TAXATION
1-28-99
Attachment 3

Results of Survey to 23rd district voters:

Tax Issues

- #1 Significantly reduce the property tax on homes and businesses.
- #2 **Reduce the sales tax on food items bought in grocery stores.**
- #3 Reduce the income tax rate
- #4 Accelerate the phase in of the single/married income tax equalization.
- #5 Set a constitutional spending limit for state and local governments.

Kansas is one of only 16 states fully taxing food.

Over two-thirds of the states have zero state tax, a significant reduction or are contemplating repeal of state tax on grocery purchases. Kansas is one of the remaining 15 states that fully tax grocery food purchases. (see attached listing of state status)

Kansas has the fourth highest sales tax on food in the nation

At a state sales tax rate of 4.9% on food, Kansas ranks at number 7 out of 50 states in the amount taxed on grocery purchases, with the fourth highest tax rate in the country. (see attached listing of states listed in descending order according to the amount of tax imposed on grocery purchases.

Compared to our neighboring states.

Iowa, Nebraska, Colorado – no sales tax on food.

Missouri and Illinois have eliminated most of their food tax.

Arkansas and Oklahoma are considering reduction of their sales tax on food this year. Tax on food impacts everyone and especially hurts young families and elderly people who frequently eat at home.

Supporting the repeal.

Kansas Republican Party, the Kansas Democrat Party, the Silver Haired Legislature, American Associations for Retired Persons (AARP), and the Kansas Catholic Conference, Kansas Family Research Institute.

Myth: It will cost too much to retailers to implement.

Grocery store retailers across the state are already programmed to exempt food items purchased through WIC and the federally-funded food stamp program. Since this tax would apply to the same food items which are exempt under these programs, retailers will not incur this added expense.

The tax would start being phased in on January 1, 2000 which might require register reprogramming anyway.

Kansas grocery retailers as an industry will benefit from the repeal of the grocery sales tax, especially those in border counties, where residents may drive across the border in order to save the 4.9% extra now added in Kansas.

Myth: Those that earn more, benefit more from the repeal of this tax.

Wrong. As a percentage of income, low-income residents spend a greater percentage of their income on food purchases than those with high incomes. In addition, the tax specifically applies to the essentials of food marketing which the lower income residents purchase on a routine basis.

Yes, the more you spend, the more you save and those with higher incomes have more to spend and will spend more at the grocery store. However, those with higher incomes will eat out at restaurants, a discretionary action, more than middle income families forced to eat at home to save money.

Myth: Kansas needs to tax groceries because it is a stable source of revenue.

Wrong. 34 states have either eliminated or dramatically reduced sales tax on groceries. These states have done so because it is wrong to tax items that people need in order to survive such as prescription drugs and groceries. Can all these states be mistaken or are the 16 remaining states that still tax food? The next page says it all.

Prescription

	State	Grocery Tax	Drug Tax
1	Mississippi	7.00%	exempt
2	Tennessee	6.00%	exempt
3	West Virginia	6.00%	exempt
4	Idaho	5.00%	exempt
5	New Mexico	5.00%	5.00%
6	South Carolina	5.00%	exempt
7	Kansas	4.90%	exempt
8	Utah	4.75%	exempt
9	Arkansas	4.63%	exempt
10	Oklahoma	4.50%	exempt
11	Alabama	4.00%	exempt
12	Hawaii	4.00%	exempt
13	North Carolina	4.00%	exempt
14	South Dakota	4.00%	exempt
15	Wyoming	4.00%	exempt
16	Virginia	3.50%	exempt
17	Missouri	1.23%	exempt
18	Illinois	1.00%	1.00%
19	Alaska	exempt	exempt
20	Arizona	exempt	exempt
21	California	exempt	exempt
22	Colorado	exempt	exempt
23	Connecticut	exempt	exempt
24	Delaware	exempt	exempt
25	District of Columbia	exempt	exempt
26	Florida	exempt	exempt
27	Georgia	exempt	exempt
28	Iowa	exempt	exempt
29	Kentucky	exempt	exempt
30	Louisiana	exempt	exempt
31	Maine	exempt	exempt
32	Maryland	exempt	exempt
33	Massachusetts	exempt	exempt
34	Michigan	exempt	exempt
35	Minnesota	exempt	exempt
36	Montana	exempt	exempt
37	Nebraska	exempt	exempt
38	Nevada	exempt	exempt
39	New Hampshire	exempt	exempt
40	New Jersey	exempt	exempt
41	New York	exempt	exempt
42	North Dakota	exempt	exempt
43	Ohio	exempt	exempt
44	Oregon	exempt	exempt
45	Pennsylvania	exempt	exempt
46	Rhode Island	exempt	exempt
47	Texas	exempt	exempt
48	Vermont	exempt	exempt
49	Washington	exempt	exempt
50	Wisconsin	exempt	exempt

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Testimony to the House Taxation Committee on House Bill 2098 January 27, 1999

Mr. Chair, committee members and colleagues, thank you for allowing me the opportunity to speak to you this morning on an issue that I feel very strongly about.

As our colleague Representative Franklin clearly articulated in his testimony, the state of Kansas has brought attention on ourselves for our policy regarding the food sales tax. Kansas has distinguished itself as one of the few states in the nation that continues to levy a tax on the basic necessity of food.

This is not a rural versus urban issue, and should not be viewed as such.

This is not a rich versus poor issue, and should not be viewed as such.

This is, however, a fairness issue and should be viewed as such.

Is it fair for the government to profit from the purchase of a basic necessity? The government does not profit from the consumption of air or water or health care. The state should not profit when a mother buys milk for her children or a senior citizen purchases a loaf of bread.

Phasing down the sales tax on food is a fair tax cut because it would benefit every single Kansan, and would most benefit lower and middle income Kansans, who spend a greater percentage of their income on food. A typical family of six could expect to save \$628 a year.

Cutting the sales tax on food may not be as glamorous of a tax cut as eliminating a large tax that is paid once a year. But it would provide an immediate benefit for every single Kansan that could be felt every week of the year. That means a lot to those Kansans who sometimes live week-to-week and paycheck to paycheck.

It is not fair to continue to ignore an issue that would provide tax relief to every single Kansan. The time has come for us to give this issue the forum it deserves. More importantly, it is time to for us to give Kansans the respect they deserve.

HOUSE TAXATION
 1-28-99
 Attachment 4

I stand before you today to encourage this committee to strongly consider the broad impact this tax has on the lower and middle-income Kansans - those least likely to be heard from here today. Consider also, the broad-based support this issue has across this state. Cutting the sales tax on food has been endorsed by the Kansas City Star, The Manhattan Mercury, the Olathe Daily News, the Hays Daily News and the Wichita Eagle, to name a few.*

This is a bi-partisan attempt to phase down an unjust tax that affects every Kansan. We would be remiss to ignore the pleas of Kansans who oppose this unjust tax on food. I submit to you that phasing down the food sales tax over four years is not only fair, it is sound fiscal policy!

- * Manhattan Mercury 1/25/99 "Grocery tax cut should be in the mix"
- Kansas City Star 1/17/99 "Reduce taxes on food sales"
- Olathe Daily News 1/15/99 "Taxing food"
- Hays Daily News" 1/15/99 "Filet minion and lobster tails"
- Wichita Eagle 1/22/98 "Hungry? A cut in the food sales tax would help every Kansan"

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LOCAL GOVERNMENT

TESTIMONY FOR HB 2098

Thank you, Mr. Chairman and members of the committee, for allowing me to visit with you today about my reasons for supporting a reduction in the sales tax rate that is charged on food stamp eligible groceries.

While we have helped the poorest of those families who live in the state of Kansas, we have missed many struggling families who are middle income, because their income is just above the cutoff of the Food Sales Tax Credit.

We are offering this reduction in food sales tax as a means to ensure that all Kansans will benefit from a proposed cut in taxation.

The 69th District is very diverse. As I walk door-to-door in my district I have had the opportunity to listen to the concerns of individuals who are from the poorest of families and who are benefiting from food stamps and also those who will benefit from the Food Sales Tax Credit . These individuals indeed have difficult issues with which to deal, but the families with whom I want to acquaint you are those whose income is just above the amount set as a guideline for the Food Sales Tax Credit.

Consider the retired couple whose income is just above our cut-off for a tax credit. It has been determined that it is no longer safe for them or for others if they drive. As a result, they no longer own a car. They do, however; still purchase groceries and cook their meals at home. Is it not also fair for this

*House Taxation
1-28-99
Attachment 5*

couple to receive the benefits of a tax reduction? By saving the amount of tax we are proposing be reduced, albeit small, they could apply the amount to the half payment on the property taxes on their home. While it may seem inconsequential to you and me, constituents who find themselves in this category have indicated to me that reducing sales tax on food is of great importance to them.

Now, let's consider the single mother of two teenagers whose teacher's salary is just high enough that she doesn't qualify for the Food Sales Tax Credit. She drives a car that is at least 10 years old. The yearly cumulative sales tax on food that she would save is more than that which she would save under the scenario of removal of car taxes.

In addition, what about the young family with four children whose income is just high enough that they also don't qualify for a tax credit? They will save an estimated \$600 in food sales taxes. This amount can be used to begin a savings account for the post-secondary education of their children.

Reducing the sales tax on food is not about giving a large tax break to those who regularly eat gourmet meals [most of which are eaten in restaurants, not prepared at home]. Instead, removing sales tax on food is a way of making certain that all Kansans have less of a burden at the grocery store when buying the food they need for the health and well-being of themselves and of their families.

I invite Governor Graves and each of you on the Taxation Committee to lead us in reducing sales tax on food and thus begin to move the state of Kansas away from a tax that has contributed to identifying Kansas as a state with a regressive taxing system toward a system that is more equitable and fair.

Thank you for your kind attention to this issue that is of great importance to all Kansans who daily prepare their own food.

UpDate: Removal of Kansas Grocery or Vehicle Tax

1-25-99

Kansas Solons predict: Because of Fiscal Cost, only one of these plans can be Enacted this Legislative Session.

Vehicle Tax Reduction (1995) is "On The Books", creating Tax Reduction space for Removing Grocery Tax; with Vehicle Tax Removal to follow in another year. (Read on)

Everyone will Experience Tax Relief when Grocery Tax is Removed.

Many Kansans Without Vehicles pay Heavily for Private or Public Transportation; Many others pay the Minimum Vehicle Tax of \$12 per year for any vehicle 15 years old or more. Tax Relief for these citizens will be zero to almost nothing. Moderately Taxed Vehicles-- much below Grocery Tax Relief.

→ Owners of High Cost Vehicles and Multi-Vehicles will receive Very Large Tax Relief when Vehicle Tax is Removed.

*Balance of Taxes: (Quite Regressive in Kansas)

Low Income Kansans are required to pay 1.4 times the Tax Rate of Highest Income Kansans. Truly Balanced Rates are Do-able, *as shown by Montana, Vermont, Delaware, et al.

→ *Removing Sales Tax from Groceries will Reduce the Balance of Taxes Factor, bringing the Factor closer to a True Balance.

→ *Removing Vehicle Tax will Increase the Balance of Taxes Factor, and will Increase the Tax Burden for Low Income Citizens --Departing even more from a True Balance.

Byron Patton - Member, Kansas Council of Silver Haired Legislators
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* Calculations from data in "Who Pays?" (See reference on leaflet)
(Simple Math)

HOUSE TAXATION
1-28-99

Attachment 6

REMOVE SALES TAX FROM GROCERIES IN KANSAS

Endorsed By All Eleven Districts of Kansas Silver Haired Legislature in 1998

Groceries, in this context: Not for Ready Consumption; Economic Human Food Sources.

(See SHL Bill No. 1508-1998 for details.)

Everyone will experience Tax Relief when Sales Tax is Removed from Groceries. This time, strong advantage will go to Lower Income Kansans. Recent Legislative Tax Relief has given strong advantage to mid and upper Income Kansans.

**** 32 States impose No Sales Tax on this Most Vital Necessity of Life. **** Some of the other 18 states are in the process of Removing this Heinous Tax. (See Balance of Taxes) (over)

Our State Government has a Band-Aid Approach to Food Tax Partial Rebates, Partial Tax Credits, Administrative Cost, and Waiting to Apply for Rebates after the full year of Sales Tax has accumulated. All of this will Disappear when Sales Tax has been Removed From Groceries. Low Income Citizens have no money to invest in a Waiting Game.

→ Each Week, Grocery Tax Money is Needed When Basic Items Are Left in the Store. These Citizens often avoid Tax Rebates which they regard as Public Assistance. If You haven't walked in "Those Shoes", try them on and walk a while. Low Income Citizens Do Pay an Impressive List of Other Taxes.

Will You Speak for Low Income Citizens Who Seldom Speak Out for themselves? Convey this Message, or your own message, to Governor Graves, your State Senator, Representative, Silver Haired Legislator, your family, friends and newspaper editor. Your County Clerk can supply names of officials.

****Who Pays? A Distributional Analysis of The Tax Systems of All 50 states.**

No Cost - It's a Revelation! Order Your own copy.

1311 L St., NW - Washington DC 20005

202/626-3780 phone or e-mail: ctj@ctj.org or web address: www.ctj.org

The Institute on Taxation & Economic Policy + Citizens For Tax Justice
(Credentials Documented on the back of Who Pays?) JUSTICE

Byron Patton - member; Kansas Council of Silver Haired Legislators; Topeka, Kansas; 785-271-2180

Some members of a 1997 Legislative Interim Tax Committee and some members of the 1995 Governor's Tax Equity Task Force expressed confidence in the work of Citizens for Tax Justice and their associates.

Low Tax States? 10 Most Regressive Tax States are listed on P2 in Who Pays? Low Income Citizens are saddled with unreasonable Tax Burden. High Income Citizens Enjoy Low Tax Burden.

Are we True American Citizens if we Offer or Seek Tax Advantage that imposes any Fair Share of Tax Liability upon other taxpayers? True Americans pay their Fair Share of Taxes With Pride, just as they Defend Their Country.

OVER - (See Balance of Taxes)

Kansas State & Local Taxes in 1995

6-3

GRESSIVE? -- HOW MUCH?

P.17 in WHO PAYS? Shares of family income for non-elderly married couples

PROGRESSIVE? -- HOW MUCH?

(See Below)

Income Group	Lowest 20%	Second 20%	Middle 20%	Fourth 20%	Top 20%		
					Next 15%	Next 4%	TOP 1%
Income Range	Less than \$27,000	\$27,000 - \$41,000	\$41,000 - \$54,000	\$54,000 - \$71,000	\$71,000 - \$115,000	\$115,000 - \$273,000	\$273,000 or more
Average Income in Group	\$17,600	\$34,200	\$47,200	\$61,600	\$87,200	\$158,000	\$667,000
Sales & Excise Taxes	6.7%	5.4%	4.6%	3.8%	2.9%	2.0%	1.1%
General Sales—Individuals	4.2%	3.5%	3.1%	2.5%	2.0%	1.3%	0.8%
Other Sales & Excise—Ind.	1.0%	0.7%	0.5%	0.4%	0.3%	0.2%	0.1%
Sales & Excise on Business	1.5%	1.2%	1.0%	0.8%	0.6%	0.4%	0.3%
Property Taxes	3.1%	2.4%	2.4%	2.3%	2.2%	2.0%	1.5%
Property Taxes on Families	2.9%	2.2%	2.2%	2.2%	2.1%	1.6%	0.6%
Other Property Taxes	0.2%	0.1%	0.1%	0.1%	0.2%	0.3%	0.9%
Income Taxes	1.1%	2.1%	2.5%	3.3%	3.9%	4.2%	5.4%
Personal Income Tax	1.0%	2.0%	2.3%	3.2%	3.8%	4.1%	5.2%
Corporate Income Tax	0.1%	0.0%	0.0%	0.0%	0.0%	0.1%	0.2%
TOTAL TAXES	11.0%	9.8%	9.5%	9.4%	9.0%	8.1%	8.0%
Federal Deduction Offset	-0.0%	-0.1%	-0.2%	-0.7%	-1.3%	-1.6%	-2.2%
TOTAL AFTER OFFSET	10.9%	9.7%	9.3%	8.8%	7.8%	6.6%	5.9%

REGRESSIVE----->
 Low Income Group Pays 5.25 times the Tax Burden of Highest Income Group
 (4.2% + 0.8% = 5.25)

All Kansas Food is Taxed by this System

REGRESSIVE----->
 Low Income Gp. Pays 4.8 times the Tax Burden of Highest Income Gp.
 (2.9% + 0.6% = 4.8)

PROGRESSIVE----->
 Highest Income Gp. Pays 5.2 times the Tax Burden of Low Income Gp.
 (5.2% + 1.0% = 5.2)

REGRESSIVE BALANCE OF TAXES----->
 Low Income Gp. pays 1.4 times the Tax Burden of Highest Income Gp.
 (11.0% + 8.0% = 1.4)

REGRESSIVE----->
 Low Income Gp. Pays 1.85 times the Tax Burden of Highest Income Gp.
 (10.9% + 5.9% = 1.85)

Federal Itemized Deduction Offset P. 10 in WHO PAYS?

State and local personal income and property taxes, unlike sales and excise taxes, are allowed as itemized deductions in computing federal income taxes. This has a far more significant impact than is sometimes appreciated. On average, a fifth of all state personal income and individually-paid property taxes are "exported" to the federal government (and to taxpayers nationwide) as a result of these deductions. For the best-off state and local taxpayers, close to 40 percent of their state and local tax income and property bill is effectively paid by the federal government.

Testimony before the House Taxation Committee
January 28, 1999

Chairman Adkins and members of the committee, my name is Edward Rowe and I am a member of the lobby corps of the League of Women Voters of Kansas. I appear today as a proponent for reducing the sales tax on food.

The League understands the necessity of the sales tax as one leg of a broad-based tax system, but the League points out that low-income people pay a disproportionately large part of their incomes on food. The sales tax in general is regressive but the portion on food is the most regressive part of the tax. League believes that the regressive nature of the sales tax should be relieved by the exemption of food from the sales tax base.

Kansas is one of the few states with a sales tax on food. Also, Kansas over the years has gradually increased the sales tax rate. In the interest of fairness for low-income taxpayers Kansas has for years had a sales tax rebate combined with a homestead real estate and renter's rebate on a single form. Kansas residents who are disabled, elderly, or have children were eligible for these rebates, but historically less than half of those eligible claimed the rebate.

Last year the Legislature separated the sales tax rebate from the homestead rebate, making the sales tax rebate a refundable credit on the Kansas income tax return. Now many Kansans who would not otherwise have to file an income tax return must file an abbreviated return in order to claim the food sales tax rebate. With an additional form to fill out, the difficulty of submitting claims is increased.

A good tax should be easy to compute and pay, difficult to evade, and not expensive to collect. The sales tax is certainly easy for the state to collect. But it isn't especially easy for low-income residents to claim the rebate for which they are eligible. Last year's change in procedure may have caused more problems than it solved.

There are additional problems with the income tax procedure as a way to claim the sales tax credit. First, the eligibility level is based on Kansas adjusted gross income, not total household income, as in the past. This will allow filers with significant non-taxable income (such as social security or government pensions) to claim the refund. Second, on the abbreviated return there is no verification procedure for the number of dependents claimed, possibly creating difficult enforcement problems. (The old homestead and sales tax rebate form required both birthdates and social security numbers for dependents.)

By removing the sales tax on food for all Kansans, the Legislature would make the sales tax less regressive and eliminate the complications involved with the sales tax credit for low income Kansans.

I thank you for the opportunity to speak on this issue today.

Edward C. Rowe

316-342-7490

*e-mail: 102367.2334@
compuserve.com*

*HOUSE TAXATION
1-28-99
Attachment 7*

Testimony
before the House of Representatives

House Taxation Committee

On HB 2098

Presented by John Mitchell, Jr. of Treat America on behalf of the
Kansas Automatic Merchandising Association
January 28, 1999

Chairman and members of the committee:

Thank you for this opportunity. It is an honor for me to provide testimony on behalf of my company and my industry. I offer testimony today in support of House Bill 2098, with the exception that I believe the bill needs to be amended to strike subparagraph (B) of paragraph (V), and thus to include food sold through vending machines from the reduced sales tax rate.

My name is Jack Mitchell. I am President of Treat America, Limited. We are a Johnson County based vending service company. Treat America employs more than 50 people and serves nearly 35,000 customers every day. At Treat America, we sell more than 18,000,000 pre-packaged food items through our vending machines each year. I also represent the Kansas Automatic Merchandiser Association (KAMA). I would estimate that Kansas vendors supply food to more than 500,000 working Kansans and Kansas students every day. Thus, as vendors, we have a keen awareness of how sensitive Kansans are to the cost of food.

The vending industry supports the efforts of this bill's sponsor to reduce the sales tax burden on food. I believe that all Americans are keenly aware of the prices they pay for food items. As a new father, with a stay at home wife, I know from experience what a big issue this is. I watch my wife clip coupons and I listen to her as she describes driving miles out of her way to buy baby food at Wal-mart because it is \$2.00 less than Target and \$5.00 less than the local grocery store. As a point of fact, she recently began doing her grocery shopping in Missouri because of the reduced sales tax.

Users of vending machines are certainly aware of the price they pay for vended food. I can assure you that if my company ever attempted to change the price of an item we sell without first notifying our customer and justifying the price increase, we would be in a heap of trouble and could expect numerous complaint calls.

Indeed, companies want and expect their vendor to provide their employees with a high quality, high value food program. They know that low food prices provide a strong incentive to their employees. In fact, there is a large and growing number of employers who subsidize the vending program because, for these companies, providing a low cost meal for their employees is a critical customer benefit. Because we are able to provide a good meal at a good price, and because of our convenience, many Kansas workers and their employers, rely on vending machines to satisfy their food needs.

Frankly, it is surprising to me how sensitive people are to our vended food prices, considering that they are already low when compared to other food outlets. The large majority of people who

HOUSE TAXATION
1-28-99
Attachment 8

use Treat America's vending machines can get a Turkey sandwich, a 12 oz. can of Pepsi, and a bag of Frito Lay chips for less than \$2.00 including sales taxes. This price compares favorably to the average cost (estimated) for a meal from a fast food restaurant of \$3.50, and the fast food restaurant is able to add sales tax on top of that menu price. The fact that consumers are so keenly aware of our pricing leads me to believe they care greatly about the prices they pay for food.

Some might think vended food has a lower price and therefore is of lower quality. Food sold through vending machines is no different than what you can get at a convenience store. It is either well-known branded food such as Tyson chicken breast sandwiches, and Little Charlie's Pizzas, or high quality fresh sandwiches prepared by professional commissaries. Not only do we provide high quality, but because so many people eat from our machines every day, we provide our customers with lots of variety (over 250 menu items) and we pay special attention to include healthy selections such as salads, fruit and milk.

Thus, I believe we Kansans are sensitive to the prices we pay for food. If you choose to reduce the sales tax on food, all Kansans will thank you. Maybe the total dollars we will save are not large, but we will be reminded of the savings every day, again and again. And by reducing the burden on Kansas workers, Kansas employers will thank you.

While I strongly support House Bill 2098 in general, I respectfully request that you amend it to include food sold through vending machines. Please amend the bill on page 6 by striking all of line 13 after the word "program." And by striking all of line 14 and line 15 and adding the sentence, "Food for human consumption shall include food sold through vending machines, but shall not include meals prepared for immediate consumption on or off the premises of the retailer."

Please understand that vending is a very competitive business. Vending companies compete vigorously with each other to win accounts. More significantly, we compete head on with convenience stores and grocery stores. Make no mistake, the products we sell are identical. It is all pre-packaged, brand name items from Dolly Madison, M&M Mars, Nabisco, Frito Lay, Coke, Pepsi, Tyson, and many others. There is no difference in the products. The only difference is that our store is located in the break rooms of Kansas companies. In fact, as my ad agency can attest to, my company recently adopted a new slogan, "Treat America, the more convenient convenience store." This slogan was designed specifically to make our users aware that we sell the same items as convenience stores, only more conveniently. You may have heard the Quick Trip ads on the radio recently during your morning drive to the office. If so, you know that they are hoping to get people to stop in and get a cup of coffee before they get to the office. Quick Trip is attempting to take our customers. Imagine you are on your way to work and you know that the pastry at the C-Store is reduced tax, but the pastry at the vending machine at work is fully taxed. Where would you stop?

We also compete with grocery stores. When people bring their lunch to the office from home that takes away from our sales. Whenever I survey a potential account I am careful to look for 12-packs of soda hidden under desks, or Mr. Coffee's tucked away on shelves. Believe it or not, some people buy Coke and Folger's at the grocery stores and bring these products into the office, thereby reducing the vending machine's sales. If you reduce the sales tax at the convenience store and grocery store, but not at the vending machine, you will be putting Kansas vending operators at a severe competitive disadvantage.

As much as we are similar to grocery and convenience stores, we are unlike restaurants. We do not “prepare” any food items. The food we sell is “prepared” in advance, by a different company, for much later consumption. Our users are free to take the products we sell with them. We sell large value bags of individually wrapped candy. We also sell gum and mint packages. Our consumers put these items in their purses, or take them back to their desks for later consumption. What’s more, we frequently place machines near building exits because we know people will want a snack or beverage for the commute home. A student might purchase a product from our machine and keep it in his locker until after the track meet. There is no way we can know where or when people will consume the products we sell.

Also, our consumers gain no entertainment value by using our machines. In fact, as I have previously described, the primary users of our machines often do so out of necessity. Frequently, because of the short amount of break time, or due to the remoteness of their work facility, our consumers cannot leave their place of business. What’s more, many of our customers rely on vending machines as a less expensive food source. It would be unfair to penalize those working Kansans and Kansas students who rely on the convenience and value vending machines provide. Indeed, by excluding vending machine food from the reduced sales tax, you would be penalizing those Kansans who need this tax relief the most.

Finally, I would like to point out that vending machine operators are already disadvantaged by the sales tax because we have no way to collect it. It would be a practical impossibility to set up vending machines that add sales tax onto the price of an item and ask consumers to insert pennies into our machines. Our sales prices include sales taxes. As a matter of fact, Treat America has recently ordered stickers for our vending machines that indicate the percentage of sales taxes which are included in the cost of the vended products. These stickers will indicate the sales tax rates in the various Kansas and Missouri counties we service.

As you know, Missouri recently reduced the sales tax on food, including food sold through vending machines. When Missouri passed this bill, in order to avoid any potential confusion, they expressly included food sold through vending machines as eligible for the reduced sales tax rate. We hope you will consider the same affirmative statement of eligibility.

For all of these reasons, I strongly support passage of this bill, but only if it is amended to affirmatively include food sold through vending machines.

Thank you for the opportunity to testify on House Bill 2098.



EXECUTIVE DIRECTOR
JIM SHEEHAN
Shawnee Mission

HOUSE TAX COMMITTEE

SUPPORTING HB 2098

1-28-99

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DUANE CROSIER
Seneca

VICE-PRESIDENT
ARNIE GRAHAM
Emporia

ASST. TREASURER
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Shawnee Mission

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Overbrook

BILL STEINMETZ
Norton

J. R. WAYMIRE
Leavenworth

BILL WEST
Abilene

DIRECTOR OF
GOVERNMENTAL AFFAIRS

FRANCES KASTNER

I am Frances Kastner, Director of Governmental Affairs for the Kansas Food Dealers Association. Our membership includes manufacturers, wholesalers, distributors, and retailers of food products throughout the State of Kansas.

As many of you have heard me say in previous sessions, we are in favor of anything that will reduce the cost of food to our customers. Reducing the sales tax on food puts Kansas grocers in a more competitive position with our surrounding states.

So long as the definition of food stampable items being exempt from sales tax stays in this bill, we will be able to handle it. The sales tax has been totally exempt on purchases made with food stamps since 1976, and we have had the technology to do that. *86*

We do see some added costs to our retailers while phasing in the sales tax reduction. Instead of having a technician change each register only once, it will have to be done four times, with a charge each time.

Also, grocers will have three separate figures to compute as they tally the total grocery bill. First, the sales tax exemption of food stampable items; then a sales tax on paper goods and all other items you can't now purchase with food stamps; and finally a sales tax on the whole purchase for local sales tax purposes.

We would respectfully request that you consider an administrative allowance for grocers to help defray the cost they will incur in changing their registers four times as well as the added time it will take to complete each transaction.

Frances Kastner, Director
Governmental Affairs

Don Snodgrass
Lobbyist

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SHAWNEE MISSION, KANSAS 66205

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HOUSE TAXATION

1-28-99

Attachment 9

HEIN AND WEIR, (ARTERED

ATTORNEYS AT LAW

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*Ronald R. Hein
Stephen P. Weir*

HOUSE TAXATION COMMITTEE

TESTIMONY RE: HB 2098

Presented by Ronald R. Hein

on behalf of

KANSAS RESTAURANT AND HOSPITALITY ASSOCIATION

January 28, 1999

Mr. Chairman, Members of the Committee:

My name is Ron Hein, and I am legislative counsel for the Kansas Restaurant and Hospitality Association. The KRHA is the trade association for 1,200 restaurant and hospitality businesses in Kansas.

The KRHA opposes HB 2098. I will note for the record that I learned to count at an early age and I know that it is difficult to oppose a bill with 68 House sponsors when 63 is the magic number.

However, HB 2098 discriminates against 1) businesses that prepare and serve food, and 2) against those individuals who, either by choice or by necessity, eat at restaurants or other food service establishments.

First of all, a little information about the food service industry. For every \$1.00 spent on food, 44¢ is spent at a food service establishment. The restaurant industry employs 10.2 million people nationwide. In Kansas the industry employs approximately 80,700 people and another 51,900 people are employed in related industries. Nationwide, restaurants constitute approximately 30% of retail establishments.

And this fact may surprise you, but the average restaurant meal is approximately \$4.60. I can assure you that there are a lot of low income people eating at restaurants.

KRHA feels that this legislation will have an adverse impact on the food service industry in Kansas. To the extent that the differential in tax affects an individual's decision to eat at a restaurant or to eat at home, this bill will cause restaurants to lose business, resulting in less employment.

If the intent of this legislation is to benefit lower income individuals, then the legislation should not draw a distinction between food at home and food eaten out. As written, persons with high income who consume expensive foods purchased at a grocery store will not have to pay tax, while many lower and middle income people who are forced to eat out at least one meal a day, and sometimes more, will be forced to pay the tax. Many working men and women of average income will have to pay the tax, even if they are

*HOUSE TAXATION
1-28-99
Attachment 10*

eating at their employer's cafeteria or a low-priced diner. If this legislation is an effort to do some social or economic justice, it may not accomplish its goal.

The KRHA did not oppose, and in fact expressed support for, the approach proposed by the Governor and passed by the legislature last year to expand the sales tax credit for low income individuals.

That approach insures that the benefit of the state dollars go to the people who need help the most. Some would say that program is not enough, or has administrative problems. If that is the case, then that program should be expanded and the administrative problems solved rather than passing this legislation where the tax relief is not as focused on those who need it.

The KRHA recognizes that the reason for taxation is to raise money for government programs, and has never taken a position against paying our fair share of taxes. However, we do want to be kept on a level playing field. Retail grocery stores are already competing with restaurants by offering prepared food for sale. This bill further tips the playing field.

Lastly, the KRHA is concerned because this tax reduction program may, at some point, necessitate a tax increase in another area that might adversely affect our industry. Property taxes and income taxes are deemed by some to be too high already. Sales tax is viewed by many as a fair tax when used in conjunction with income and property taxes. In a pure sense, sales tax has been argued to be a regressive tax, but that is without consideration for other government programs, including food stamps, welfare assistance, and credits for sales tax on food. With such protections, sales tax can be a very fair tax when part of a multi-tax mix.

The KRHA would urge the committee to report HB 2098 adversely.

Thank you very much for permitting me to testify, and I will be happy to yield to questions.

Mr. Chairman and members of the Committee,

My name is Al Ward and my wife Sandra and I own the Taco Casa restaurant at 1423 W. 6th in Topeka. We have been in the restaurant business for over 35 years. I am here to oppose House Bill 2098.

The restaurant business is very competitive with a small % of profit in many cases. Removing sales tax on food only in grocery stores and convenient stores will give them a competitive advantage.

This bill will be doing a disservice to the Kansas restaurant industry that employs over 80,000 people in Kansas. In many cases the restaurant industry hires young people starting out at their first job. If profits are affected there will be fewer jobs.

In Kansas there are over 7000 restaurants and many are in the rural communities with very low volume, feeding the elderly and farmers, while serving as the local information center. Most are mom and pop restaurants and in some cases are underwritten by the local community in order to keep the restaurant. These operations need a level playing field.

The restaurant business is a lot like farming—long hours and hard work!!

Grocery stores with delis and convenience stores are increasingly competing with restaurants.

Convenience stores accept food stamps but restaurants do not. I feel the convenience store is a major competitor of the restaurants at noon or for a snack in the morning or afternoon.

I am proud to be a part of the Topeka community, providing a valuable service to many individuals and families at a reasonable price and we want to continue to serve Topeka and northeast Kansas.

There are so many questions that bill 2098 does not answer.

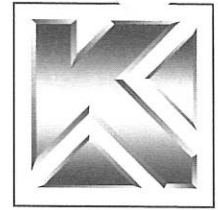
In closing, I urge the committee not to accept H.B. 2098.

Thank you for your time.

Al Ward

HOUSE TAXATION
1-28-99
ATTACHMENT 11

LEGISLATIVE TESTIMONY



Kansas Chamber of Commerce and Industry

web: www.kansaschamber.org

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HB 2098

January 28, 1999

KANSAS CHAMBER OF COMMERCE AND INDUSTRY

Written Testimony Submitted to the

House Taxation Committee

by
Natalie Bright
Director of Taxation

Honorable Chair and members of the Committee:

My name is Natalie Bright, director of taxation for the Kansas Chamber of Commerce and Industry, and I thank you for the opportunity to express our members' views on HB 2098. While KCCI is sensitive to the reasons advanced for eliminating the sales tax on food, we feel there are better ways to achieve its tax policy objective without creating a substantial new compliance burden on Kansas retailers.

The Kansas Chamber of Commerce and Industry (KCCI) is a statewide organization dedicated to the promotion of economic growth and job creation within Kansas, and to the protection and support of the private competitive enterprise system.

KCCI is comprised of more than 2,000 businesses which includes 200 local and regional chambers of commerce and trade organizations which represent over 161,000 business men and women. The organization represents both large and small employers in Kansas, with 46% of KCCI's members having less than 25 employees, and 77% having less than 100 employees. KCCI receives no government funding.

The KCCI Board of Directors establishes policies through the work of hundreds of the organization's members who make up its various committees. These policies are the guiding principles of the organization and translate into views such as those expressed here.

Our primary concern is the administrative cost of implementing and complying with this change in the tax base. Proponents of the change often cite the technology of cash register scanners as a means for easily adapting to the new exemption. Clearly, a scanning system does make the transition easier, but not without additional business expense.

*HOUSE TAXATION
1-28-99
Attachment 12*

First, the legislature should consider the impact on retailers who do not utilize scanning devices. Predominantly small independent businesses that cannot afford the installation costs of more sophisticated registers. The taxability of each item they sell will turn on the judgment and tax knowledge of their cashiers. You may recall the 1997 debate about sales tax exemption certificates and the extreme difficulty retailers experienced in satisfying the "good faith" acceptance standard. Today's proposal would present a similarly subjective burden on retailers that are even broader in scope. It would create very fertile ground within which state sales tax auditors could find countless mistakes to penalize. To satisfy this collection duty without the aid of scanners would be an oppressive expense that invites a new wave of tax audits.

Even companies with scanning registers would pay a substantial sum to adapt their systems. One large grocery chain which recently made the food sales tax conversion in Missouri estimated that necessary software modifications required approximately four manpower days per store using their own in-house personnel. If a company should need to hire contract help to make the adjustments, the average rate is around \$180 per hour which translates to over \$5,700 per store for contract labor conversion.

According to the Kansas Department of Commerce and Housing, there are more than 2,600 retail food outlets in this state. Hence, a crude estimate of statewide conversion costs associated with today's proposal would be in the neighborhood of \$15 million. To the extent retailers are able to use in-house labor to accomplish the feat, the cost would be less. However, for retailers who do not already have scanning registers, the cost would be considerably more. But perhaps of even greater interest to policymakers is the fact that this tax change would apply to many retailers beyond grocery stores and convenience stores. The Kansas Department of Revenue estimates the number of retailers whose business involves at least some food sales eligible for a reduced sales tax rate or exemption would exceed 10,000. Therefore, a conservative estimate of the cost to all retailers would be at least \$30 million.

Unfortunately, this expense represents only the up-front transition costs. The sales tax audits that follow would be a persistent spawning ground for tax appeals, penalties and litigation. Defining tax exempt food as "that which is eligible for purchase with federal food stamps" is helpful, but far from clear. The degree of preparation, the type of packaging, the presence or absence of dining tables at the establishment, and a myriad of other factors may determine whether they are to be taxed at a reduced rate. For example, hardware stores might charge too much sales tax on garden seeds while convenience stores might charge too little tax for frozen pizzas which are warmed up in the store's microwave.

Compliance with a new rate structure is an additional burden on top of the administrative costs Kansas retailers are already forced to absorb. A 1994 Price-Waterhouse study of Kansas retailers indicated that the average cost of collecting sales tax was equal to 3.48% of the taxes collected. The state of Kansas -- **unlike most other states and all of our immediately neighboring states** -- does not reimburse retailers for this service to any extent. Coincidentally, the 2% vendors' allowance that KCCI has advocated in recent years would save retailers approximately the same amount of money that it would cost them to implement the food sales tax exemption.

Finally, if a desire to provide additional tax relief to lower income Kansans, we would encourage the legislature to consider fine-tuning the current approach in this area. The food sales tax rebate program is appropriately targeted to those needing it most and it could be refined to increase its outreach. Greater public education and/or an application for the sales tax rebate on one's income tax return would be reasonable alternatives.

We respectfully urge your opposition to HB 2908 and I thank you for your time and consideration.