Senate Committee on Assessment and Taxation
Testimony in Opposition to Senate Bill 248
Presented by Eric Stafford, Vice President of Government Affairs

Monday, February 20, 2023

Madam Chair and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to submit testimony in opposition to Senate Bill 248, modifying the food sales tax to zero out "healthy food" as defined in the bill.

Under the umbrella of the Kansas Chamber is our Kansas Retail Council, to represent our retail members as the state affiliate for the National Retail Federation. Last year, our organization remained neutral on the elimination of sales tax on food, applauding the tax relief provided, while expressing the desire that the legislature consider lowering the overall sales tax rate to allow Kansans to save on every purchase rather than solely eliminating the tax on food.

SB 248 attempts to expedite the reduction in sales tax to zero on food in a narrowly defined approach. However, such a move would be the only such approach in the nation and would require retailers and grocers to entirely restructure tax categories and classification procedures.

Effective January 1, 2023, tax on food was reduced to 4%, as defined by House Bill 2106 in 2022 and it appears as though that reduction will go away, raising sales tax on food not qualifying as "healthy." We are also unsure how this policy change would impact compliance with the streamlined sales tax agreement. While this approach has been to try and define food along the lines of the WIC nutrition program, it will be very difficult for retailers to implement.

We still stand by the belief that the best approach to treatment of retail sales tax would be to tax as much as possible at the point of retail sale at the lowest possible rate and would result in the easiest level of compliance for Kansas retailers. We appreciate the opportunity to submit testimony in opposition to Senate Bill 248, and I am happy to answer any questions at the appropriate time.