



Chair Alley and Members of the Committee,

We appreciate this opportunity to submit **written opponent testimony for SB 51**, establishing sales tax exemptions for data center investments and nonprofit activities in Kansas. We hold the following position on SB 51:

1. SB 51 promotes the wasteful tendency of the government to pick winners and losers.
2. SB 51 diverts state tax revenue that could have been used to lower tax rates for all & erodes the tax base.

**SB 51 promotes the wasteful tendency of the government to pick winners and losers.**

If lawmakers pass a law, it should apply fairly to everyone unless there is a compelling reason for exceptions. SB 51 fails that test. It gives special tax breaks to a narrow group of Kansas taxpayers who are constructing or remodeling qualified data centers in Kansas, leaving everyone else to foot the bill.

This hyper-targeted deduction is a bad tax policy. Tax breaks should be broad-based, benefiting the broader economy, not handpicked industries. SB 51 prioritizes a small, specific sector at the expense of fairness and fiscal responsibility. SB 51 is not a good tax policy.

**SB 51 diverts state tax revenue that could have been used to lower tax rates for all & erodes the tax base.**

SB 51 shrinks the tax base by exempting the purchase of equipment, eligible data center costs, and certain labor costs for firms that commit to a minimum investment of \$250,000,000. This creates a ripple effect: tax rates may need to rise for everyone else to maintain the same revenue.

If the goal is to reduce state tax revenue, there is a more thoughtful approach. Lowering the overall sales tax rate by the same fiscal impact as SB 51 would avoid narrowing the tax base, prevent government favoritism, and deliver tax relief to all Kansans—not just a select few.

For these reasons, we urge the committee to reject SB 51 in its current form.