



To: Senate Assessment and Taxation Committee

From: Nathan Eberline – Associate Legislative Director & Legal Counsel

Date: February 26, 2013

Re: Senate Bill 183 (opposing additional sales-tax exemptions)

Senate Bill 183 would provide a tax exemption for any sales of tangible personal property or services by state contractors. This further constricts an already narrow tax base at a time when local government is struggling to provide necessary services. The exceptions in K.S.A. 79-3606 are close to swallowing the sales-tax rule with an extensive list of exclusions. KAC opposes this bill less for the subject matter and more for the principle of a broad tax base to provide local-government services.

The 2013 KAC Legislative Policy Statement includes an important adoption:

Tax Base Exemptions. We oppose any further exemptions to the ad valorem property tax base or the state/local sales tax base. We support a thorough and comprehensive review of all exemptions and repeal of those exemptions that do not merit a state appropriation. Exemptions shift the burden of financing vital services to an increasingly-narrow tax base. (2001, 2010)

The narrowing tax base not only affects counties but also the state and cities. At the county level, our resources help provide everything from roads and bridges to elections administration and law enforcement. Each sales-tax exemption chips away at local capacity to provide these important services at an adequate level.

KAC asks you to consider this when evaluating SB 183. Please oppose the bill to ensure the continued effectiveness of local services. Thank you for the opportunity to submit this testimony.