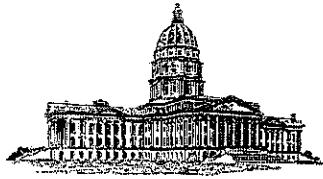


STATE OF KANSAS

VIRGIL PECK, JR.

REPRESENTATIVE, DISTRICT 12
Box 277
TYRO, KANSAS 67364

STATE CAPITOL, 187-N
TOPEKA, KANSAS 66612
(785) 296-7641



COMMITTEE ASSIGNMENTS:

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HOUSE OF REPRESENTATIVES

TESTIMONY REGARDING HB 2076

February 5, 2015

Chairman Kleeb and Committee Members, thank you for the opportunity to appear before you today and provide testimony in **support of HB 2076**.

A back-to-school sales tax holiday is not a new idea to the Kansas Legislature; it has been discussed many times and has passed the House at least 4 times over the past ten years. No matter what you think about a back-to-school sales tax holiday, whether you like it or don't, or if you think it is or is not good tax policy, I ask you to think about why a sales tax holiday is proposed. It is to help Kansas families, especially low income families, save some money as they prepare to send their children back to school, and assist local business sell more merchandise. I don't look at a Kansas sales tax holiday in light of what negative effect it may have on the government, but rather the positive impact it will have on the budget of Kansas families and businesses. My political philosophy is not about how the government can spend taxpayer money; it is about how I can help Kansas families keep more of their own hard-earned money.

Having said that; I acknowledge, that **HB 2076** does have a fiscal note. The fiscal note does not, and cannot take into account the extra income tax dollars collected due to additional workers being on the job and sales tax collected on non-exempt items shoppers will purchase during a sales tax holiday. I will also acknowledge that there is a fiscal note for not having a back-to-school sales tax holiday. The fiscal note for **HB 2076** is based on static, rather than dynamic, scoring.

An overwhelming majority of the Kansas population lives within a one hour drive of Missouri or Oklahoma. Both of these states have a back-to-school sales tax holiday and that causes Kansas businesses to be at a disadvantage during those days in August. Not only do they miss out on selling exempted items, but they don't have the opportunity to sell other items that are not exempted. This reduces the revenue to businesses, communities and ultimately the State. How much money leaves Kansas each August as our citizens cross the state line into Missouri and Oklahoma to do their back-to-school shopping? I believe it is in the millions.

HB 2076 is not about what Kansas would **lose**, but what we will **gain**. I might ask, when Kansas residents travel to Missouri or Oklahoma and spend money, what benefit does it provide to Kansas businesses? Or for that matter what benefit is there to

Kansas government? We all know the answer - NONE! When consumers purchase goods in Kansas, those dollars are reinvested in the Kansas economy. Not only does a sales tax holiday provide immediate, direct tax savings to consumers, it also spurs economic growth and development.

Without a back-to-school sales tax holiday in Kansas, many parents and grandparents will continue to drive across the state line, shop for clothing, school supplies, stop for lunch, put fuel in their vehicle and pick up extra items that aren't covered by the tax exemption.

Attached to the back of my testimony are quotes of legislators from other states that have a sales tax holiday and something found online about the other 15 states that provide their residents with the tax break. I believe they are important for us to read.

Craig Shearman, Vice-President for Government Affairs for the National Retail Federation, which represents 1.6 million retail establishments across the country, once said **stores reported a 35 to 40 percent increase in sales during sales tax holidays.** "It is definitely a net increase in sales. It is not just a matter of shifting." He also said, "Sales tax holidays are more important in today's economy where so many families are stretched very tightly and trying to squeeze every penny out of a dollar that they can."

I will be happy to stand for questions at the appropriate time.