



Testimony Provided to the

House Tax Committee

May 20, 2015

Kimberly Svaty

In Opposition to H.B. 2435

Chairman Kleeb, Vice-Chairman Sullentrop, Ranking Member Sawyer and Members of the Committee,

Kansas Municipal Utilities (KMU) is the statewide association of municipally owned and operated electric, natural gas, water, wastewater, storm water, solid waste and telecommunications utilities across Kansas. As a non-profit association established by its member utilities in 1928, KMU is dedicated to serving the needs and interests of our 170 consumer-owned utilities and the citizens, businesses and industries that they serve. Our membership ranges in size from some of the largest utilities in the state such as those operated by Kansas City Board of Public Utilities and the City of Wichita, down to some of the smallest utility systems in the state, some serving fewer than 100 customers.

KMU and its member utilities are mindful of the challenging decisions that lawmakers are grappling with this session. Our member communities are the front line of the final budget decisions. We must implement government directives while still balancing the needs of the community and its residents. This bill potentially impacts water and wastewater systems. Our member utilities are daily trying to address maintain existing and address aging critical infrastructure while retrofitting or constructing new facilities to address ever-changing environmental mandates from the Environmental Protection Agency (EPA). Removing the state sales tax exemption as proposed in HB 2435 would immediately increase the costs to ratepayers which we work diligently to keep low and affordable. Furthermore, such projects are not really scalable. They are designed to meet specific regulatory needs and budget constraints.

In addition, KMU has been working to construct a training field facility in McPherson, Kansas that would train the electric, natural gas, water and wastewater workers of the future. We are mindful of every penny needed for this project. This bill would immediately skew the economics of the project potentially causing a prolonged delay in its development.

On behalf of the residential customers of municipal utility systems in Kansas, we would ask the Committee to retain the current sales tax exemption status and oppose HB 2435. Thank you for your consideration and I am happy to stand for questions at the appropriate time.