

KCKChamber

Support for HB 2444

House Tax Committee, March 15, 2016

Room 582-N

Thank you Chairman Kleebe and members of the Tax Committee,

We appreciate the opportunity to appear before you this afternoon to share our support for HB 2444. On behalf of the members of the Kansas City Kansas Area Chamber of Commerce, we encourage you to move forward with this important legislation.

We did not arrive at our position on this bill without benefit of careful consideration, thorough review with our members and an appreciation for lower taxes. In fact, our position today is consistent with what we communicated last year, as policymakers struggled to find ways to fill the budget shortfall.

Clearly, we support lower taxes and a balanced budget. But we mustn't confuse a low tax climate – which is greatly desired – with a tax system that allows for some to pay taxes but not others.

We mustn't confuse a low tax climate with a tax system that shifts tax pressure onto higher property taxes and sales taxes.

And we shouldn't continue a tax policy that is not producing economic activity as designed.

The elements of HB 2444 are attractive to our members because it not only closes the loophole created in 2012, but also lowers the sales tax rate on groceries. Both of those elements are supported by our member businesses. Being a border community, we are at a competitive disadvantage with Missouri offering a much lower sales tax rate. In fact, Kansas has the highest sales tax rate on food in the Midwest.

Missouri's rate of 1.225% is a stark contrast to our rate of 6.5%. That rate of difference is clearly enough to affect consumer behaviors and lure their shopping dollars out of Kansas. That is a very real and unfortunate result of today's tax rates.

Our state's high sales tax on food is regressive, hitting the budgets of low and middle income families significantly harder than higher income consumers. Those in our community who are living on low or fixed incomes are seeing far too much of their income being absorbed by the higher taxes on groceries.

Additionally, we believe the economic impact of having those dollars in the pockets of **all taxpayers** in our state - being spent on goods and services within our communities - will have a much greater economic impact for our state than that which we've seen as a result of the non-taxation of the pass through income.

Thank you for your consideration of my testimony. I urge you to move forward with this legislation and would be happy to respond to any questions. Thank you for your consideration and your service to our state.

Sincerely,



Daniel Silva, Executive Director
Kansas City Kansas Chamber of Commerce

HERE IS A GOOD PLACE TO BE