



Testimony Provided to the

Senate Assessment & Taxation Committee
March 19, 2015

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In Opposition to S.B. 261

Mr. Chairman and Members of the Committee—

On behalf of 173 Kansas Municipal Utilities (KMU) member communities, I appreciate the opportunity to provide testimony to the committee opposing Senate Bill 261, legislation that would impose state sales tax on utility customers.

KMU is the statewide trade association representing municipally owned and operated electric, natural gas, water, wastewater and telecommunications utilities. The KMU membership ranges in size from some of the state's largest metropolitan areas down to communities providing utilities to well under 100 customers. The median size of a municipal electric utility in Kansas serves 841 customers.

KMU is mindful of the challenging fiscal decisions that lawmakers are grappling with this session. However, many of these same difficulties are also being experienced every day both at the local level and by utilities in general.

The utility industry – particularly electric, natural gas, and water – is currently in an environment of rapidly increasing costs. This cost increase is unprecedented, largely due to new EPA regulations and massive infrastructure replacement needs.

We believe that it is inappropriate to add the state sales tax burden on essential utility services, services that many of our customers already struggle to pay. For instance, a residential customer of Kansas City BPU – a customer base defined by its low-income population – would see their bills increase by an average of \$9.46 per month. Customers of smaller utilities would see an even great impact.

On behalf of the residential customers of municipal electric, natural gas, and water utilities in Kansas, we ask the Committee to retain the current sales tax exemption status on residential utility services and oppose SB 261.