

TESTIMONY OF CHRISTINA OSTMEYER
SUMMER MEALS ADVOCATE
KANSAS APPLESEED CENTER FOR LAW AND JUSTICE
BEFORE THE KANSAS HOUSE TAXATION COMMITTEE



IN SUPPORT OF HOUSE BILL 2237

FEBRUARY 7, 2017

Chairman Johnson and Members of the Committee:

My name is Christina Ostmeyer; I am the summer meals advocate at the Kansas Appleseed Center for Law and Justice, a nonprofit, nonpartisan organization that advocates for systemic solutions to the problems facing vulnerable or disadvantaged Kansans. Thank you for the opportunity to testify in support of House Bill 2237.

Kansas Appleseed strongly endorses House Bill 2237. The current tax plan holds back the Kansas economy and threatens the health, safety and success of Kansas families. Short-term solutions, such as sweeping funds from investments in roads and bridges or threatening children's programs, should not be considered and do not offer an end to Kansas's current budget crisis. Through ending the "March to Zero," reinstating a third income tax bracket, eliminating the LLC income tax exemption, modernizing the gas tax and lowering the food sales tax, House Bill 2237 offers a permanent plan that will generate approximately \$820 million¹ and start Kansas back on a path toward prosperity and economic success.

Kansas children are among the millions who stand to benefit from House Bill 2237's proposed reforms. In Kansas, one in five children is food insecure,² meaning they do not have consistent access to a sufficient amount of healthy, affordable food. At 6.5 percent, Kansas has the second highest food tax rate in the nation.³ Once city and county tax rates are added, many Kansas families are forced to pay up to a 10 percent tax rate on their groceries.⁴ When high taxes drive up the cost of food, families with limited resources have no choice but to go hungry or purchase unhealthy, low-cost food. Many low-income households in Kansas typically spend 11.1 percent of their income⁵ on groceries alone. Food insecurity negatively impacts a child's lifelong physical, mental and cognitive health.

Not only does a high food sales tax hurt low-income families, it also hurts Kansas businesses. Many families are apt to cross into a neighboring state with lower food sales tax rates to purchase their groceries, costing the state \$345.6 million in food sales and \$21.2 million in lost tax revenue.⁶ A 2016 study by KC Healthy Kids and the Kansas Public Finance Center at Wichita State University found that the high tax rate costs the average rural grocer \$18,000 each year because families are buying less food.⁷ By reducing the food sales tax rate to 5 percent, about \$100 million would be back in the pockets of Kansas families.⁸

Kansas lags the rest of the nation in economic growth and will continue to do so without changes to its current tax plan. It is essential that House Bill 2237 is enacted to ensure younger generations are not further impacted by a failing tax policy.

Thank you,
Christina Ostmeyer
Summer Meals Advocate
Kansas Appleseed Center for Law and Justice

¹ Institute on Taxation and Economic Policy. "Rise Up Kansas Income Tax Model." November 2016.

² Feeding America. "Child Food Insecurity in Kansas." 2014.

³ Federation of Tax Administrators. "State Sales Tax Rates and Food & Drug Exemptions." January 2016.

⁴ Kansas City Star. "Kansas lawmakers target state's high grocery tax." February 2016.

⁵ Kansas Center for Economic Growth. "A Guide to Comprehensive Tax Reform in Kansas." December 2016.

⁶ *Id.*

⁷ *Id.*

⁸ *Id.*