



Steering Committee, Greater Kansas City Food Policy Coalition
House Bill 2261
Proponents

Dear Chairman Johnson and members of the House Taxation Committee,

The Greater Kansas City Food Policy Coalition is an alliance of individuals, businesses and organizations cooperating to advocate for a strong region food system in which all residents have access to healthy, affordable food. **We are pleased to support HB 2261.**

Food is not a luxury item, it's a necessity. That's one of the reasons so few states tax food sales. Only half of the fourteen states who charge sales tax on food do so at the full rate, including Kansas at 6.5%. In addition to paying the state sales tax rate of 6.5% when buying food, Kansans must also pay additional city/county taxes, bringing the total to 11% in some areas.

Taxing food is bad for Kansas. Kansas' state tax on food puts an unfair burden on low income families, hurts rural grocers and their employees, and drives shoppers across state lines to buy food. KC Healthy Kids has commissioned the Kansas Public Finance Center at Wichita State University to publish a series of reports examining these three ways sales tax on food impacts Kansans. Here are some highlights from the studies.

It places an unfair burden on the poor and those in rural areas. A household in the lowest income group pays anywhere from 2.7 percent to 8.4 percent more of their income in taxes on groceries than does a household in the highest income level.

It hurts rural grocery stores. Sales tax on food costs the average rural Kansas grocer close to \$18,000 per year by reducing grocery sales and forces customers to purchase lower-quality, less expensive items. Since rural counties typically aren't able to offer a variety of retail establishments, their consumers are more likely to leave the area to buy their goods in counties or states with more retail options and lower taxes/prices.

It drives shoppers out of state. The study found the current sales tax drives shoppers across state and county lines to save money on food. The result is slowed sales growth in counties on the state line, and cannibalization of income among Kansas counties. Of the state's 105 counties, 40 share at least one border with neighboring states. Colorado and Nebraska exempt all food sales from taxation, and Missouri's state food sales taxes are only 1.225%. Oklahoma, like Kansas, does not exempt food sales taxes, but has a lower state sales tax of 4.5%

Lowering the sales tax on food would benefit the Kansas economy while putting dollars back into the pockets of Kansas families who need it most. For all of these reasons, we ask the committee to support HB 2261.

Sincerely,

Greater Kansas City Food Policy Coalition Steering Committee

Beth Low-Smith, Director