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February 18, 2019

Representative Steven Johnson, Chairman  
Committee on Taxation  
Kansas State House of Representatives  
Topeka, KS 66612

Re: Opposition to HB 2261

Dear Chairman Johnson:

On behalf of the National Confectioners Association, I am writing to express our opposition to HB 2261, currently pending in the Taxation Committee. NCA is the trade organization representing the \$35 billion U.S. confections industry with members in more than 40 states employing approximately 54,000 workers in more than 1,300 facilities. In Kansas the confectionary industry represents a \$257M economic output, pays \$55M in wages, directly employs over 1,200 and indirectly employs over 4,100 workers.

HB 2261 would lower tax rates on most food products yet would keep candy items at a higher sales tax level. NCA opposes discriminatory food taxes such as this because they are unfair and discriminatory, serving only to burden retailers, distributors and manufacturers while frustrating consumers.

Simply identifying products subject to these differing tax levels presents huge challenges that may not be fully appreciated. Arbitrary decisions must be made on a host of issues, such as whether granola products containing chocolate will be at the lower or higher tax rate, deciding if frozen candy bars made with ice cream be at a lower rate than the same candy bar at the checkout counter, and how to tax chocolate covered pretzels. Making sense of this will present state tax writers with an enormous amount of work.

Once these issues have been decided, manufacturers and Kansas retailers will be placed in the position of having to fully understand which items are taxed, program their systems to calculate the right tax on the right items (if they have that capability) and answer questions from unhappy customers, most of whom consume candy or chocolate only 2 or 3 times each week as a treat.

State legislatures across the United States have consistently rejected discriminatory taxes on candy products for years. We strongly urge you to do the same and to withdraw HB 2261.

Sincerely,

A handwritten signature in black ink that reads 'Liz Clark'.

Liz Clark  
Senior Vice President, Public Policy