

March 7, 2019

Adrienne Olejnik, Director of Government Relations  
 Kansas Action for Children  
 Verbal Neutral Testimony on Senate Bill 184  
 Senate Assessment and Taxation Committee

Chairwoman Tyson and Members of the Committee:

Thank you for the opportunity to provide neutral testimony on Senate Bill 184. Kansas Action for Children’s vision is to make Kansas the best state to raise a child and to be a child, and our organization shapes health, education, and economic policies that benefit Kansas children and their families.

Tax policies implemented in 2012 undermined the financial well-being of working families. In 2013 the food sales tax credit was made nonrefundable, which was coupled with changes in eligibility. The credit was previously refundable, meaning filers whose credit amount exceeded their tax liability could receive the difference. Nonrefundable credits are less helpful for low-income earners, who often do not have high levels of tax liability to benefit from the credit. These changes dramatically decreased the number of filers able to benefit from the credit. SB 184 would allow eligible tax filers to receive a refund that would truly offset the cost of food sales tax.

SB 184 essentially reinstates the refundability of the food sales tax credit with similar income and credit tiers to previous levels. We value the targeted approach the food sales tax refund act would provide to low- and middle-income Kansans.

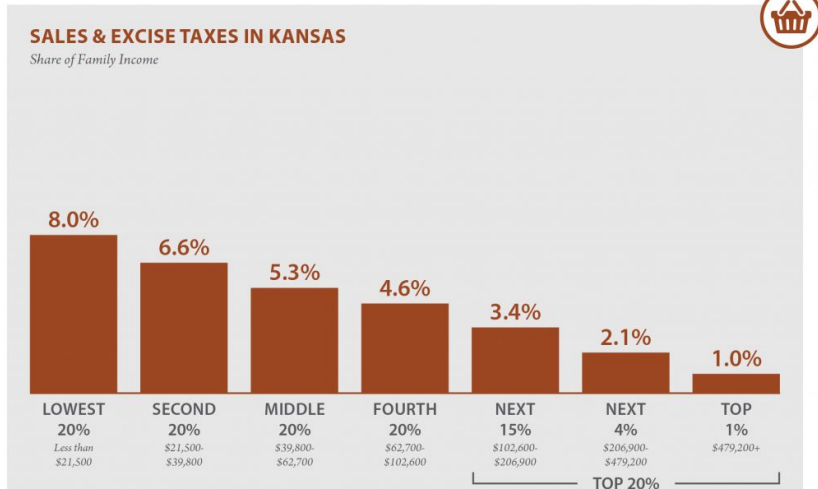
The current food sales tax rate is too high. Kansas is one of only seven states to fully tax the sale of groceries and has the second-highest food sales tax rate in the nation. County and city governments levy additional taxes, bringing the total sales tax rate as high as 11% in some areas and pushing some Kansas communities far above the national average.

The high food sales tax hurts Kansas families, particularly low-income Kansans. According to the Institute on Taxation and Economic Policy, the state’s increasing reliance on sales tax hurts Kansas’ poorest residents. The lowest 20% of income earners in Kansas pay an average of 8% of their income in state and local sales and excise taxes, compared with 1% for the top 1% of earners.

709 S Kansas | Suite 200  
 Topeka, KS 66603

P: 785-232-0550 | F: 785-232-0699  
 kac@kac.org | www.kac.org

Shaping policy that puts children first

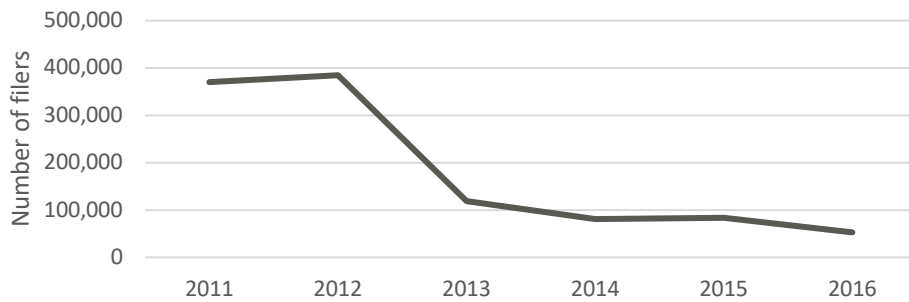


709 S Kansas | Suite 200  
Topeka, KS 66603

P: 785-232-0550 | F: 785-232-0699  
kac@kac.org | www.kac.org

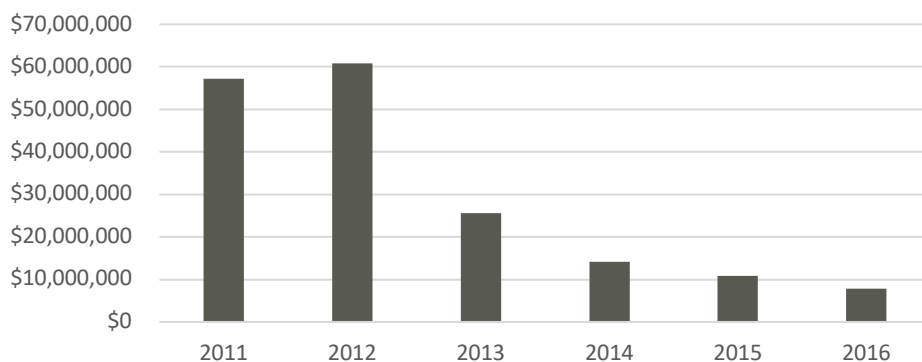
Shaping policy that puts children first

### Kansans receiving Food Sales Tax Credit declined dramatically after eligibility, refundability changes in 2013



Source: Kansas Department of Revenue, Division of Taxation. Tax Expenditure Reports 2012-2017.

### Total refunds spent on Food Sales Tax Credit



Source: Kansas Department of Revenue, Division of Taxation. Tax Expenditure Reports 2012-2017.

The tiered income and credit approach in SB 184 would be a targeted and cost-effective solution to helping working Kansans.

Kansas Action for Children supports fiscally responsible strategies for helping low- and middle-income Kansans make ends meet. At this time, as we continue to rebuild after years of economic challenges, we encourage policymakers to consider more targeted policy solutions to help working families in our state. We also realize the legislature needs to consider the full range of needs in the state and balance that with anticipated revenue.

We support the idea of SB 184, yet ask legislators to wait until an updated picture of revenue is released from the April consensus revenue estimates before considering any changes to the tax code in Kansas.

Thank you for the opportunity to discuss Senate Bill 184 and please do not hesitate to contact me at [adrienne@kac.org](mailto:adrienne@kac.org) if you have any questions.