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Mid-America Automatic Merchandising Association

Missouri/Kansas -A Regional Council of National Automatic Merchandising Association

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Senate Assessment and Tax Committee
Kansas State Senate
Topeka, KS 66612

Re: SB 197

Dear Madam Chairman and Committee:

On behalf of the Mid America Merchandising Association, I am writing to express our concern about SB 197 currently scheduled for hearing in the Senate Assessment and Tax Committee. The Mid-America Automatic Merchandising Association (MAMA) is an affiliated state council of the National Automatic Merchandise Association (NAMA), representing hundreds of large and small businesses that provide vending, coffee and convenience services to thousands of customers in Kansas each day and employing hundreds of workers in the state of Kansas. In Kansas, the industry represents 1,722 Jobs and \$76.04 million in wages. The Economic impact of the Industry in the state is \$253.07 million and the industry pays \$44.85 million in taxes.

SB 197 would lower the tax rates on most food or food ingredients, yet it would keep sales from vending machines at the higher sales tax rate. Currently, under Kansas law, the tax on all food products is the same regardless of where those items are sold. As currently drafted, SB 197 would create a disparity on how food is taxed based on where it is sold. The bill would put vending machine operators at a competitive disadvantage with other retailers in the state due to the reduction of sales tax on food items sold in other retail locations but not food sold in vending machines. In today's market, vending operator's competitors are grocery stores, convenience stores and other retail outlets. Under this bill the exact items which vending operators sell through their vending machines will have a lower tax when sold in grocery stores, convenience stores and other retail outlets.

Due to the disparity that this bill will create, to remain competitive, vendors will be forced to absorb the higher sales tax or risk losing business because of higher prices. Absorbing the tax hurts the bottom line for an industry that operates on small margins and is made up of many small businesses. Passing the tax on to the consumer means increasing the tax burden on working people, students, and military personnel in the state who make up a large percentage of the vending industry's customers.

It is our position that vending operators and their customers should not be forced to pay a higher tax on food that would otherwise be taxed at a lower rate if it was purchased at a retail store rather than through a vending machine.

MAMA respectfully requests that SB 197 be amended to strike "food sold through vending machines" from Section 2 (n) of SB 197. Thank you for your consideration.

Sincerely,

Andy Dougherty
MAMA Member