



January 28, 2021

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Kansas Action for Children
Virtual verbal testimony in support of House Bill 2091
House Taxation Committee

Chairman Smith and Members of the Committee:

Thank you for the opportunity to provide testimony in support of a refundable food sales tax credit. Kansas Action for Children's vision is to make Kansas the best state to raise -- and be -- a child. KAC shapes state and federal policies that improve health, education, and financial outcomes for young children and the adults who care for them, especially those experiencing poverty. We support a refundable food sales tax credit because Kansas Action for Children advocates for programs that help low-and middle-income Kansans make ends meet.

This past year has been difficult for so many Kansans, particularly Kansas families with children. Food, housing, and job insecurity shadowed too many Kansas families before COVID-19 and the related economic downturn, and now they have all worsened.

According to the U.S. Census Bureau Household Pulse Survey:

- Nearly half of Kansas families with children in the household (47 percent) have had some period of job loss since March.
- Nearly one-in-five Kansas families with children in the household (18 percent) does not know if they can make their next rent or mortgage payment.
- 17% of adults with children living in the household say their household sometimes or often did not have enough food to eat in the past week.

Note: The most recent data is from Nov. 25-Dec. 11, 2020.

We know that low- and moderate- income families are most likely to experience, food, housing, and job insecurity. These are the families that deserve our focus. House Bill 2091 will help these families put food on the table.

A refundable food sales tax credit would likely return to the economy directly. Food assistance programs such as SNAP and refundable credits like the Earned Income Tax Credit (EITC) have been proven to boost economic activity. It is estimated that "in a weak

economy, \$1 in SNAP benefits generates \$1.70 in economic activity.” Similarly, the EITC generates economic activity, as “every EITC dollar a recipient earns, they return \$1.50–\$2.00 to the economy, supporting not only their families but also their communities.”¹ We believe a refundable food sales tax credit would create similar economic activity.

Kansas once had a refundable food sales tax credit

Tax policies implemented in 2012 undermined the financial well-being of working families. In 2013, the food sales tax credit was made nonrefundable, along with accompanying changes in eligibility. The credit had been refundable, meaning filers whose credit exceeded their tax liability received the difference in their refunds. Nonrefundable credits are less helpful for low-income earners, who often do not owe enough in taxes to benefit. These changes dramatically decreased the number of filers using the food sales tax credit.

In tax year 2012, the final year the program allowed refundability:

- 384,725 eligible filers received \$60,754,843 in food sales tax refunds.

In the most recently available Tax Expenditure Report from process year 2019, the food sales tax credit benefited significantly fewer Kansans:

- 70,090 eligible filers with \$9,847,101 worth of credits.

The current nonrefundable food sales tax credit is restricted to taxpayers who earn \$30,615 or less and are:

- Over the age of 55, or
- Disabled or blind, or
- Have at least one dependent under the age of 18 living with them the entire year.

Reinstating refundability will help low-income, working families, as well as low-income seniors. Many seniors rely on Social Security income and retirement distributions and are below an income tax return filing requirement threshold. Before the change in the food sales tax refund, these seniors would file returns to receive the benefits of the food sales tax refund, helping them make ends meet.

Given our current economic challenges, it is more important than ever to help Kansas families keep food on the table through a refundable food sales tax credit. Kansas Action for Children supports this bill because it will provide needed financial assistance to Kansas kids and the adults who care for them. We urge you to support this legislation. We are happy to answer any questions you may have. You may reach me by email at emily@kac.org.

¹ Caines, Roxy. “5 Ways the EITC Benefits Families, Communities, and the Country.” Center for Budget and Policy Priorities. January 26, 2017. <https://www.cbpp.org/blog/5-ways-the-eitc-benefits-families-communities-and-the-country>