



February 18, 2021

Emily Fetsch, Director of Fiscal Policy
Kansas Action for Children
Proponent written testimony on House Bill 2230
House Taxation Committee

Chairman Smith and Members of the Committee:

Thank you for the opportunity to provide testimony in support of HB 2230. Kansas Action for Children (KAC) is a nonprofit, nonpartisan organization. Our vision is to make Kansas the best state to raise -- and be -- a child, and we shape health, education, and economic policies that improve the lives of Kansas children and families. We support budget and tax policy that prioritizes investments in children and families, particularly those with low incomes.

KAC is supporting HB 2230 because collecting sales tax on digital goods is an important step to modernize our tax code and level the playing field for Kansas businesses. Additionally, this legislation would capture a sustainable and renewable source of revenue our state needs.

There are two primary benefits of HB 2230. First, it could increase State General Fund revenues by roughly \$50 million each year. Collecting this sum is an important step to help the state in its economic recovery and ensure the state achieves a structurally balanced budget. Second, an outdated tax code puts brick-and-mortar Kansas businesses at a disadvantage to their online counterparts.

When the sales tax was established in Kansas in 1937, legislators could not have predicted the prevalence of goods purchased digitally today. Therefore, it is important lawmakers update legislation to capture unintended exclusions and make the Kansas market fairer and more equitable. Other states have already changed policy to capture this revenue.

KAC urges you to support HB 2230, to include the taxation of digital goods, which will modernize the Kansas tax code while removing the unfair advantage of internet sales over brick-and-mortar Kansas businesses. In addition, this policy change would establish a sustainable source of revenue during a time of economic hardship. Thank you for the opportunity to voice our support, and please do not hesitate to contact me at emily@kac.org if you have any questions.