



**Testimony to House Committee on Taxation
Proponent Testimony on HB2711
Wednesday, March 02, 2022
The Greater Kansas City Chamber of Commerce**

The Greater Kansas City Chamber of Commerce (KC Chamber) supports HB2711 that gradually eliminates the sales tax on food and groceries with the condition that the Budget Stabilization Fund is \$100 Million or greater. The KC Chamber, representing nearly 2,000 businesses (40% of which are in Kansas), believes that lowering the sales tax on food needs to be done; however, the business community believes that this should be done in a fiscally responsible manner which this bill appears to address.

The State of Kansas has the second highest food sales tax rate in the country only behind the State of Mississippi. The Kansans that feel the greatest impact on this type of tax are often lower-income and underserved as sales taxes, and especially a tax on food and groceries, is a regressive tax that disproportionately affects lower-income citizens. By reducing and eventually eliminating the state sales tax on food and groceries, the State of Kansas can help put money back in the pockets of Kansans to spend on other things and services throughout the state. It is also one more tool in the toolbox to allow lower-income Kansans to save money and further bolster their financial security.

The KC Chamber has concerns about the long-term effects of an immediate elimination of the revenue from the sales tax; however, this bill seems to address many of the concerns of unintended consequences lowering or eliminating the food sales tax may have on the state budget. Although the state is flush with cash currently, down the road may be a different story. We have seen how aggressive tax cuts result in decreased services, delayed and deferred road maintenance and a generally bleak outlook for the state's financial picture. By opting for a phased-in approach to the eliminating the sales tax on food, the state can keep a better grasp on the effects on the budget and adapt-if needed-accordingly.

The KC Chamber applauds the Governor and State Legislature at looking to take this important step. We look forward to working with the various stakeholders on this and similar legislation.

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