



KCA
KANSAS CONTRACTORS
ASSOCIATION

March 2, 2022

**Neutral Testimony on HB 2711
House Tax Committee**

Chairman Smith and Members of the Committee,

Thank you for the opportunity to appear before you on behalf of the Kansas Contractors Association (KCA). The KCA represents more than 200 companies working in Kansas' heavy construction industry. Collectively, these companies create and sustain more than 40,000 good-paying, private sector jobs across our state.

We appeared previously this session to advocate for an amendment to keep the state highway fund whole should the food sales tax be reduced or eliminated. We are appearing neutral on HB 2711 as drafted because it includes the amendment to keep the state highway fund whole with the initial reduction of 3% on the state food sales tax. However, HB 2711 doesn't allow for additional adjustments to keep the state highway fund whole should the food sales tax be reduced by the additional 3.5% in future years as allowed in the legislation.

Gradual Reduction of State Food Sales Tax

HB 2711 allows for the gradual reduction of the state food sales tax rather than cutting the tax to zero all at once. We think this is a better approach for our state and support such an approach to eliminating the state food sales tax.

Budget Stabilization Fund

The KCA board has consistently supported the use of the state's budget stabilization fund. We support the provisions in HB 2711 that require a balance of \$100 million in the budget stabilization fund to allow for future reductions in the state food sales tax.

Proposed Amendment

The KCA would respectfully request an amendment to HB 2711 to keep the state highway fund whole should future reductions occur with the state food sales tax. If the budget stabilization fund remains at \$100 million, future food sales tax would be reduced by 1.2% annually until reaching zero. To keep the state highway fund whole, we would request an amendment to HB 2711 that would adjust the percent of the state sales tax for the state highway fund.

Again, I thank you for allowing me the opportunity to appear before you today. We appreciate your favorable consideration of a proposed amendment to adjust the amount of sales tax revenue for the state highway fund so that Kansans' jobs and pending infrastructure projects are not inadvertently impacted.

Michael White, Executive Director
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