



February 8, 2022

Madame Chair and Members of the Committee,

On behalf of the Wichita Regional Chamber of Commerce and our 1,500 members, thank you for the opportunity to provide testimony in support of S.B. 359, AN ACT concerning sales taxation; relating to rates and exemptions; expanding the eligible uses for the 0% state rate for sales of certain utilities and providing for the levying of such tax by cities and counties; authorizing cities and counties to exempt sales of such utilities from such city or county taxes.

S.B. 359 would exempt commercial, Ag., and industrial utility users from state sales tax while allowing cities and counties to charge or not charge local sales tax on these services. The Chamber supports the elimination of state sales tax for business users of utility services because we believe doing so would make Kansas a more desirable location for firms outside the state wishing to locate in a better business environment.

Some of the nation's largest employers, especially in the advanced manufacturing sector, are also some of the nation's largest consumers of utility and energy services. Therefore, the state should take all reasonable steps necessary to attract business to locate within Kansas. Passage of S.B. 359 would be a positive step in that direction.

S.B. 359 should also be seen as a business retention measure. South-central Kansas is proudly the home to some of the world's premier makers of jets and airplanes. These companies directly employ thousands of Kansans in their factories. In addition, thousands more Kansans are employed in the aviation supply chain. These are great primary jobs that grow our state and local economies, and these Kansans pay various forms of taxes into state and local governments. However, most of the original equipment manufacturers have locations outside of Kansas too. When new projects emerge, and plants compete within their companies for these projects, the cost is a key component in whether a firm's Kansas location will be awarded a project – or not. Lowering the associated costs of utilities will make these plants more competitive and result in job growth and wealth creation within Kansas.

Therefore, we ask that the Committee report S.B. 359 favorable for passage. Thank you, and I will stand for questions at the appropriate time.

Very truly yours,

Jason P. Watkins