



House Committee on Taxation

Testimony in Opposition to House Bill 2685

Presented by Eric Stafford, Vice President of Government Affairs

Wednesday, March 4, 2020

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber represents small, medium and large businesses of all industry segments across the state.

The Kansas Chamber appreciates the opportunity to testify in opposition to House Bill 2685, which expands Kansas sales tax to digital goods and digital subscription services. HB 2685 comes as a recommendation from the Governor's Tax Council but is only being used as a revenue generator.

The *Kansas Tax Modernization* report released last December by the Tax Foundation recommends broadening the sales tax base as one way to generate revenue to lower tax rates. One of those recommendations is the policy decision contained in HB 2685 taxing digital goods and streaming subscription services. Kansas already has the 8th highest state/local sales tax burden in the nation. It is our desire to work with our membership this summer to craft a comprehensive tax plan using the Tax Foundation's report as our guidebook.

Unfortunately, HB 2685 simply broadens the sales tax base without any offsetting rate reduction. Raising taxes without discussing comprehensive tax reform is the last thing Kansas needs, as the state continues to draw in record revenues. We appreciate the opportunity to testify in opposition to House Bill 2685 and I am happy to answer any questions.