



House Committee on Taxation

Testimony in Support of House Bill 2318

Presented by Eric Stafford, Vice President of Government Affairs

Tuesday, March 7, 2023

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to submit testimony in support of House Bill 2318, which proposes to lower the state sales tax rate to 6.15%.

Our organization supports lessening the tax burden on all Kansans, especially on sales tax that ranks in the top 10 highest in the nation when considering the combined state and local tax burden. This bill proposes to reduce the sales tax rate from 6.5% to 6.15%. However, after the legislature chose to eliminate food from the sales tax base last year, instead of focusing on lowering the tax burden on all purchases, we would prefer after that policy decision that the legislature look to reduce income tax rates on individual Kansans and businesses in our state.

We have heard in this committee that a sound tax strategy is to broaden the base and lower the rate. The state of Kansas broadened the base by passing legislation in response to the *Wayfair v. South Dakota* case allowing for the taxation of internet sales. The fiscal note of that bill in 2021 was stated to only be around \$30 million. However, department of revenue budget figures have stated revenues from online sales has brought in more than \$150 million in sales tax revenue annually. There was definite base broadening through those changes, but no reduction of rates accompanied that policy change. Instead, a chunk was removed from the base, the most important chunk for survival, which while essential, removes a large portion of revenue from the state during recessionary times.

With those policy decisions behind us, we urge this committee to continue to look down the path of reducing income taxes, or point to our Tax Foundation report where several sales tax exemptions are listed as possibilities to help broaden the base to pay for a sales tax reduction as proposed in House Bill 2318.

Thank you for the opportunity to testify in support of this bill, as we are supportive of tax relief. However, we believe a more economic beneficial approach would be to lower the personal and corporate income tax rates in 2023 with the record revenues Kansas is experiencing. I am happy to answer any questions you have.