



Chairman Smith and Members of the Committee:

Please accept this neutral testimony on SB 248, a bill to provide a sales tax exemption for healthy food and repealing the state rate reduction for sales of certain food and food ingredients. We are neutral on this bill because of the likely possibility of future tax increases and because there is a more beneficial way to achieve the same tax savings.

Without a long-term reduction in spending, adopting this policy will likely shift the tax burden – like higher income taxes or an increased sales tax on non-food goods. Though Kansas still sees high monthly revenue numbers, its hard to predict if and when this will change, meaning spending or tax reductions today will have to be balanced out in the future. Furthermore, proposals such as reducing the food sales tax are overshadowed in cost by tax expenditures like APEX projects, which allocate potential billions in tax dollars to large corporations.

Our 2024 Responsible Kansas Budget provides estimates and methods by which spending and taxation can be balanced so as to provide public goods while at the same time foster a healthy economy.ⁱ

Permanent rate reductions on income taxes for everyone will produce better results and provide at least the same or greater tax savings for those affected by SB 248. The bottom tax bracket can be reduced to provide at least as much savings to low-income taxpayers, and there is better economic “bang for the buck” with an income tax reduction. A study of OECD countries found that personal income taxes were the second most harmful to economic growth after corporate taxes.ⁱⁱ Taxes on productivity reduce the incentive to work more and to save if that money is going to be highly taxed.ⁱⁱⁱ

Thank you for the opportunity to provide this testimony.

ⁱ Ganon Evans and Vance Ginn. Responsible Kansas Budget 2024. January 3rd, 2023, <https://kansaspolicy.org/2024-responsible-kansas-budget/>.

ⁱⁱ OECD Tax and Economic Growth, Economic Department Working Paper No. 620, Åsa Johansson, Christopher Heady, Jens Arnold, Bert Brys and Laura Vartia, July 12th, 2008, <https://www.oecd.org/tax/tax-policy/41000592.pdf>

ⁱⁱⁱ The Economic Effects of Financing a Large and Permanent Increase in Government Spending: Working Paper 2021-03, Congressional Budget Office, March 22, 2021, <https://www.cbo.gov/publication/57021>