



Written Testimony in Opposition SB 248
Presented to the House Taxation Committee
Presented by Tim McKee, CEO
Olathe Chamber of Commerce
March 13, 2023

Chairman Smith and Honorable Committee Members,

The Olathe Chamber of Commerce is the largest chamber in Johnson County and the second largest chamber in the Kansas City area. Comprised of 1,300 members and growing, it was the first chamber in the state to receive 5-Star Accreditation from the U.S. Chamber of Commerce – a designation obtained by less than 1 percent of the nation’s chambers. Its mission is to be the voice of business that advances the economic well-being and quality of life in Olathe.

In 2019, the Olathe Chamber adopted the position to support reduction and/or elimination of state sales tax on food because Kansas remains an outlier state ranking nationally as one of the highest in the country. By reducing or eliminating the state sales tax rate on food, Kansas lawmakers can provide a tax reduction on what most would argue is one of the greatest necessities.

Unfortunately, I am submitting testimony today in opposition to SB 248 because of concerns that the removal of the local sales tax portion on food will cause a loss of revenue that will pose significant hardships for the City of Olathe and its ability to fund its vital operations. If SB 248 is passed as drafted, the City estimates it would lose an estimated \$8 million annually. Losing this amount of annual revenue will force cuts to services and jobs as well as shift the tax burden to another source. While there have been suggestions that the State will create a fund to hold cities harmless, similar efforts in the past, such as the LAVTR, have not been reliable or consistently funded.

In addition, special taxing districts such as CIDs and TIFs are critical economic development tools that the City uses to partner with developers making significant investments into our community. Removal of the local sales tax on food will impact these vital tools and interrupt the City’s commitments to private developers who have taken out loans based on the assumptions the CIDs and TIFs will be fully funded.

While the Olathe Chamber applauds lawmakers’ desire to remove state sales tax on food, we respectfully request you not approve the removal of local sales tax on food and instead leave that decision to the locally elected officials who know their communities best. If you have any questions, please feel free to contact me.

Respectfully submitted,

A handwritten signature in black ink that reads "Tim McKee". The signature is written in a cursive, flowing style.

Tim McKee, CEO, Olathe Chamber of Commerce