

kchealthykids™

March 4, 2019

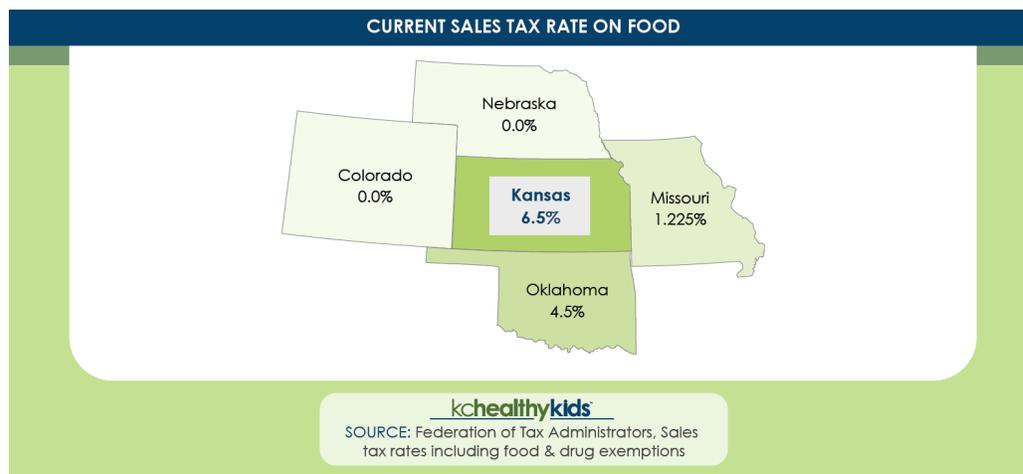
Ashley Jones-Wisner
State Policy Director, KC Healthy Kids
Proponent
Senate Bill 197

Chairwoman Tyson and members of the Committee:

Thank you for the opportunity to submit written testimony in support of Senate Bill 197. KC Healthy Kids is a Kansas City area nonprofit focused on reducing childhood obesity by shaping policies to improve access to healthy food. As you heard a few weeks ago from KC Healthy Kids and others who testified in support of Senate Bill 76, our high state sales tax rate is harming Kansas businesses, communities and physical health.

Over the last several years, KC Healthy Kids has conducted numerous surveys and research around sales tax on food in Kansas, which has consistently shown our high sales tax rate harms the Kansas economy, businesses and families.

Of the fourteen states in the nation that charge sales tax on food, seven charge the full rate, including Kansas at 6.5% . In addition to paying the state sales tax rate of 6.5% when buying food, Kansans must also pay additional city/county taxes, bringing the total to 11% in some areas.



Kansas' state sales tax on food puts an unfair burden on low income families, hurts rural grocers and their employees, and drives shoppers across state lines to buy food. KC Healthy Kids has commissioned the Kansas Public Finance Center at Wichita State University to publish a series of reports examining these three ways sales tax on food impacts Kansans. Here are some highlights from the studies (which can be viewed in full at our website, www.kchealthykids.org):

Unfair burden

Food is not a luxury item. Our states high sales tax rate on food puts an unfair burden on the poor and those in rural areas. A household in the lowest income group pays anywhere from 2.7 percent to 8.4 percent more of their income in taxes on groceries than does a household in the highest income level.

Impact on Rural Grocery Stores

Sales tax on food costs the average rural Kansas grocer close to \$18,000 per year by reducing grocery sales and forces customers to purchase lower-quality, less expensive items. Since rural counties typically aren't able to offer a variety of retail establishments, their consumers are more likely to leave the area to buy their goods in counties or states with more retail options and lower taxes/prices.

Border Impact

The study found the current sales tax drives shoppers across state and county lines to save money on food. The result is slowed sales growth in counties on the state line, and cannibalization of income among Kansas counties.

Of the state's 105 counties, 40 share at least one border with neighboring states. Colorado and Nebraska exempt all food sales from taxation, and Missouri's state food sales taxes are only 1.225%. Oklahoma, like Kansas, does not exempt food sales taxes, but has a lower state sales tax of 4.5%

Lowering the sales tax on food would benefit the Kansas economy while putting dollars back into the pockets of Kansas families who need it most.