

**Testimony of Kansans for Lower Electric Rates (KLER) and  
Kansas Industrial Consumers Group (KIC)  
In Support of House Bill 2450  
Before the House Commerce Committee  
March 14, 2023**

KIC & KLER support opportunities to grow industrial electric demand in Kansas and HB 2450 intends to do just that. Additional industrial demand, such as from a large data center, helps to spread the cost of electricity over more kilowatt hours. This can lower the cost of electricity for all customers.

**Amendment Request:**

The Committee can create a much greater impact on energy bills by **exempting state sales tax on electricity use by all commercial entities**. Residential customers already benefit from an energy exemption on state sales tax.

It's no secret that Kansas has some of the highest electric rates in the region. Eliminating the state sales tax will result in an immediate reduction in the energy burden in Kansas and allow businesses to be more competitive in the region.

In 2020, the Legislature eliminated the state income tax on utilities. This resulted in a reduction in utility bills that is now being realized by utility customers. In general, those tax savings were about 1 to 2 percent of a customer's total bill.

Eliminating the state sales tax would have a much more significant and beneficial impact on commercial bills and would help provide relief to the high-cost electric rate burden in Kansas. We urge the committee to support an amendment exempting state sales tax on electricity for *all* commercial entities.

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*The Kansas Industrial Consumers Group (KIC) is a coalition of large-volume energy users in Kansas. The members collectively represent billions of dollars of investment in the State and employ thousands of Kansans. Kansans for Lower Electric Rates (KLER) is an advocacy project of KIC with members of all sizes. We believe high energy costs are negatively impacting residential consumers, schools, hospitals, and large and small businesses.*