

To: House Committee on Taxation
From: Spencer Duncan, Government Affairs Director
Date: February 7, 2023
RE: HB 2111 – 0% Food Tax Rate; Hygiene Product Exemption; STAR Bond Fund
In Support – Written Testimony

Thank you to the Chair and Committee for the opportunity to provide this testimony.

The League supports HB 2111 overall, but particularly the creation of the STAR Bond Revenue Replacement Fund. We also request one change to the bill.

The League has no position on the policy decision of whether the Kansas retailer's sales tax on food should be reduced to 0% before its current scheduled date in 2025. The League does support the continued elimination of the state portion of this sales-tax.

The League has no official position on whether diapers and feminine hygiene products should be exempt from state sales tax, though we recognize the positive impact this would have on women and parents. We do request one amendment if this section move forward.

The League asks an amendment be offered to remove local sales tax from the exemption for diapers and feminine hygiene products. This is in-line with how the food sales-tax reduction is being implemented. The Legislature should leave whole local sales tax collections to be determined at the local level. We offer the following language as a guide: *“Such sales tax exemption on diapers and feminine hygiene products shall not reduce the collection or remittance of local sales tax.”*

The League strongly supports the portion of HB 2111 which creates a STAR Bond Replacement Fund. An unintended oversight of the lowering of the sales tax on food has been a revenue loss to STAR Bond districts. Several of those districts have a concentration of stores that sell food, and that revenue is an important component of paying back these bonds. Failure to create this fund will result in significant revenue losses to these districts and put the projects in jeopardy. Implementation of a STAR Bond replacement fund is critical and needs Legislative support this year.

Thank you for your time and consideration of these issues. I am always available to provide additional information and answer any questions you have.



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