

TESTIMONY OF HALEY KOTTLER
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HOUSE COMMITTEE ON TAXATION
NEUTRAL TESTIMONY FOR HB 2484
JANUARY 25, 2022

Members of the House Committee on Taxation:

My name is Haley Kottler; I am a Campaign Director for Kansas Appleseed Center for Law and Justice, a nonprofit, nonpartisan organization dedicated to the belief that Kansans, working together, can build a state full of thriving, inclusive, and just communities.

Kansas Appleseed is providing neutral testimony on HB 2484. Ending the state sales tax on food and food ingredients would help Kansans with low-incomes purchase the food they need, saving families an average of \$500 per year. Eliminating the state-level food sales tax has relative benefits for families with low- and moderate-incomes who pay a higher share of their income on basic needs like groceries. Addressing hunger in Kansas is more essential now than ever as food insecurity has grown in the wake of COVID-19. It is urgent for Kansans to receive these savings as soon as possible, and that is ultimately why Kansas Appleseed is providing neutral testimony on HB 2484 while supporting HB 2487.

Today the committee is hearing testimony on HB 2484 and HB 2487 which are both bills that seek to cut the food sales tax in Kansas:

- Both bills would allow taxes imposed by cities and counties to all sales of food and food ingredients.
- Both bills would end the existing tax credit for taxable years after January 1, 2023.

Here are the key differences between the two bills:

- HB 2484 extends the food sales tax exemption to prepared foods, while HB 2487 does not.
- Currently, 16.254% of the 6.5% tax imposed on retail sales is used for the highway fund. HB 2487 would raise this to 18.222% beginning July 1, 2022, while HB 2484 would leave this percentage unchanged.
- HB 2484 would end the state sales tax on food and food ingredients beginning January 1, 2023 while HB 2487 would end the tax on July 1, 2022.
- HB 2487 would specifically exempt all farm products sold at farmers markets from sales tax.

Current food assistance is helping, but it is not enough. While those receiving assistance through SNAP and WIC are not taxed on foods purchased with those dollars, these programs are only meant to supplement recipients' current food budget. Because SNAP and WIC only cover a portion of a family's grocery bill, the other part is still taxed at 6.5%, taking away the option to buy more nutritious food for themselves or their family. For example, a family spends \$200 on this week's groceries, which means \$13 is spent on the state's food sales tax. If this were to be eliminated, this family can now spend their \$13 on another carton of eggs, extra fruit and veggies, milk, or more protein to keep their family healthy and fed.

A 0% food sales tax will not solve hunger in Kansas, but it will help fill the gap. Our rural grocery stores are closing at alarming rates across the state. Ending the food sales tax incentivizes the purchase of groceries at local grocery stores and benefits local economies. Research shows that food sales taxes have a negative effect on rural grocery stores, workers at rural grocery stores see lower compensation because of food sales taxes, and employment rates are lower in rural grocery stores than it would be without a food sales tax.¹

If we want to see Kansans thrive, we need to address the rise in food insecurity. The 0% sales state tax rate on food and food ingredients is a policy solution that will help Kansans experiencing hunger while also benefiting the Kansas economy as a whole.

¹ Kriz, K.. "The effect of the inclusion of groceries in the sales tax base on rural grocery stores." KC Healthy Kids. <https://www.kchealthykids.org/uploads/1/3/2/6/132654074/rural-grocery-stores-white-paper-fin.pdf>