

**HB 2711 Neutral Testimony – written only**  
**House Taxation Committee**  
**Reduce State Sales Tax on food, other purchases**  
**Dave Trabert, CEO**  
**March 2, 2022**



Chairman Smith and Members of the Committee,

We appreciate this opportunity to submit written neutral testimony to HB 2711, which reduces the sales and use tax on all purchases and further reduces the sales tax on food. We are neutral on this bill because of the likely possibility of future tax increases and because there is a more beneficial way to achieve the same tax savings.

The Fiscal Note on the bill says revenue would decline more than \$1.5 billion in its first three full years of implementation. Without a long-term reduction in spending, adopting this policy will likely shift the tax burden – like higher income taxes or an increased sales tax on non-food goods. Current spending levels were predicated on this revenue source continuing. There is a surplus today, but the \$1 billion-plus subsidy provided for some mystery company and other proposed spending changes will soon make spending reductions or tax increases.

Our new Responsible Kansas Budget report provides a framework for carefully spending the state’s current surplus.<sup>1</sup>

Further, permanent rate reductions on income taxes for everyone will produce better results and provide at least the same tax savings. The bottom tax bracket can be reduced to provide at least as much savings to low-income taxpayers, and there is better economic “bang for the buck” with an income tax reduction.

A study of OECD countries found that personal income taxes were the second most harmful to economic growth after corporate taxes.<sup>2</sup> Taxes on productivity reduce the incentive to work more and to save if that money is going to be highly taxed.<sup>3</sup>

We appreciate the opportunity to provide this information for your consideration.

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<sup>1</sup> Responsible Kansas Budget, Ganon Evans and Vance Ginn, Kansas Policy Institute and Texas Public Policy Foundation, <https://kansaspolicy.org/a-responsible-kansas-budget/>

<sup>2</sup> OECD Tax and Economic Growth, Economic Department Working Paper No. 620, Åsa Johansson, Christopher Heady, Jens Arnold, Bert Brys and Laura Vartia, July 12<sup>th</sup>, 2008, <https://www.oecd.org/tax/tax-policy/41000592.pdf>

<sup>3</sup> The Economic Effects of Financing a Large and Permanent Increase in Government Spending: Working Paper 2021-03, Congressional Budget Office, March 22, 2021, <https://www.cbo.gov/publication/57021>