



**Senate Committee on Assessment and Taxation
Testimony in Support of Senate Bill 54
Presented by Eric Stafford, Vice President of Government Affairs**

Wednesday, February 1, 2023

Madam Chair and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to support Senate Bill 54 which would exempt utilities from state sales tax.

Under existing law, noncommercial customers are not subject to sales tax at the state level while commercial/industrial customers pay sales tax. Both are subject to sales tax at the local level. SB 54 also offers local governments the ability to exempt sales tax at the local level.

It is a mixed bag how states tax utilities. Some are exempt, some are partially subject to tax, and others tax at the full rate. While an argument can be made to broaden the base and lower the overall rate, SB 54 takes the approach to equalize the treatment of utilities as commercial and industrial entities. Just as food is subject to the 8th highest sales tax rate in the nation, so are utilities for certain customers, which is a significant cost to Kansas businesses.

Kansas has experienced record tax revenues the last three years. We appreciate the Legislature's consideration of a broad variety of tax relief options including this one. Thank you for the opportunity to submit testimony in support of Senate Bill 54, and I am happy to answer any questions at the appropriate time.