

Testimony to Senate Tax Committee in Opposition to SB376
Robert Vancrum, Legislative Policy and Government Affairs Consultant
The Greater Kansas City Chamber of Commerce

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Chairman Donovan and Other Honorable Senators:

I am here today on behalf of The Greater Kansas City Chamber, an organization with over 2,500 members, 40% of which are located in Kansas. Our Chamber has had a priority plank to oppose any further expansion of sales tax on services for many years. This action was not taken lightly.

A great deal of the Kansas City economy is based upon the sales of services, in some cases internationally. For example, Black & Veatch and Burns & McDonnell both sell engineering services and consulting worldwide. Both have substantial presences in the state of Kansas but probably could not maintain those presences if Kansas were to impose a sales tax on services. I realize this bill exempts sales to a foreign or domestic for-profit company, but many of their sales are made to government entities.

The bill also targets accounting, tax preparation, architects, surveying and personal care services as well as death care services. Yes, the bill would impose sales tax on funeral services, a death tax for sure.

With a high percentage of Kansas' population living less than one hour's drive from another state, such changes could be devastating in Kansas. In fact, such proposed changes have led to devastating results in states that do NOT have such a high percentage of their population able to easily avoid the tax. When Florida and Maryland tried to institute a broad based tax on services in the 1990s, they were immediately repealed because of the public outcry. In fact, the same result occurred in Michigan in 2007 and the bill was repealed on the day it was scheduled to go into effect, so public opinion has NOT changed on this idea.

Thank you for the opportunity to testify.

Sn. Assmnt & Tax
3-7-12

Attachment # 20