

**TESTIMONY BEFORE THE
HOUSE TAXATION COMMITTEE**

**REGARDING HOUSE BILL 2720
RELATING TO STATE SALES TAX ON FOOD**

March 2, 2022

Mr. Chairman and Committee Members:

The Kansas Department of Transportation (KDOT) is providing written testimony in opposition of House Bill 2720 relating to State sales tax on food.

HB 2720 includes language that does not hold the State Highway Fund (SHF) harmless from the reduction of revenue to the state. This bill significantly decreases revenues to the SHF and impacts the State's ability to meet the transportation needs across the state. This would require KDOT to reevaluate the Eisenhower Legacy Transportation Program (IKE) expenditures for Fiscal Year 2023 and the remaining years of IKE by reducing project lettings or changing other programs. If this bill becomes state law, the estimated loss of revenue to the State Highway Fund would be approximately \$392.1 million for FY 2023 – FY 2027.

If the committee pursues removal of a state sales tax on food, the agency requests a corresponding adjustment to the amount of sales tax revenue that is deposited in the SHF to ensure the completion of planned and future transportation projects. Language is included in HB 2487 so that it would not have any negative effective on the SHF. If HB 2720 were adopted in its current form, the proportion of revenue from the remaining sales tax receipts deposited in the SHF would need to be adjusted by approximately \$392.1 million to reflect the loss of revenues in HB 2720's fiscal note if planned and future transportation projects are to be realized.

Thank you for the opportunity to provide opponent testimony on House Bill 2720.