

SB248 - Opponent Written Only Testimony

February 19, 2023

Senator Tyson and Members of the Assessment and Taxation Committee,

Over the course of my career I have read many of the sections included in SB248 so it wasn't like it was all new to me or that I had never attempted to decipher sales tax laws before. But talk about difficult to follow. Then I had to determine what K.S.A. 2022 Supp. 79-3603 and 79-3603d were. I had never seen 79-3603d before. Thank God I no longer work in a retail business that sold some food products including meat as well as other non-food items. I'm curious. Would any of you on this committee know if you were being taxed properly on items purchased at the grocery store? How do you expect a small, family owned business to accommodate these sales tax laws? Even a large company like Walmart wasn't able to correctly implement the change on January 1, 2023. They were able to charge the correct tax rate on food items, but in addition they also charged 7.5% for a total of 12.5% in sales tax. On January 1 they were telling people at checkout of the mistake and that a refund was available. What if everyone didn't request a refund? When they filed their sales tax return what happened with the excess tax collected? I'm not sure how many days it took them to correct the issue, but I believe it was a few.

SB248 repeals the changes that were effective 1/1/2023 and now only "healthy" foods are exempt. Ignoring the fact that I've never considered breakfast cereals and most juices to be healthy, as well as the many healthy food items missing from the list, this change is another nightmare for all businesses, but especially the small ones. Most small business owners struggle with sales tax as do their bookkeepers. In the past, the good thing was that all food items were taxed the same which made it less complicated. Depending on the software used, these sales tax law changes require time consuming changes to the accounting program. Additional sales tax items may need to be created as well as additional items for each food product. This doesn't account for the time it could take to go through every food item in their store to determine whether it is exempt or taxable and then accounting for it in their system. Many small businesses will need to hire a professional to implement these changes.

I currently work for a manufacturer. We don't sell food, but the sales tax change effective 1/1/2023 has affected me. When I filed my sales tax return for January 2023, I had to add a tax location. (Kansas sales tax is charged at the rate of tax where the product is delivered) When I searched for the tax location I discovered that every tax location had a new corresponding tax location for food sales and the locations I used previously now read "non-food sales". When I checked the box to add the non-food sales location both the non-food and food locations were added to my return instead of only the non-food location. Fortunately, the system allowed me to delete the food location rather than deleting both since both were added originally. Obviously, the state is experiencing issues implementing this change as well.

I have no opposition to across the board sales tax modifications, but I **implore** the committee to consider the business owners and the difficulties and costs they incur to accommodate these "pick and choose" sales tax changes.

I am happy to address any questions you might have via email or Senator Tyson has my phone number.

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