

## HB-2380

Kansas wants to give the lower income strata more money to spend. What will it save or cost this group?

As an example, to give the 20% of the population who are lower income more to spend, the sales tax that everyone pays on food is reduced a total of \$100. The lower income group receives only \$15, not \$20, of the \$100 savings since their actual food purchases are reduced through food stamps, school programs, donated foods and other government programs.

Now, Kansas must replace the \$100 loss in State taxes. This is done by adding enough sales tax to other products, not now taxed, to return the \$100. If the purchasers are similar, the low income 20% are there and will pay back \$20 of the new sales tax, but it will also cost them an additional \$6 since local sales tax is automatically added. The poor group will pay \$26 in new taxes for \$15 saved on food.

If 40% of the purchasers are from the low income group, such as with Self-Storage Rentals, it doubles the number of low income sales and doubles the amount to **\$52 they must pay in new sales tax to get the \$15 saved on food.**

For a reduction in Sales Tax on foods to be effective, the new items to be taxed to replace the lost funds must be items the lower income people do not use.

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The Kansas Legislature is attempting to lower the regressive Sales Tax on food by 1%. The idea is lower income persons spend a higher proportion of their disposable income on food than higher earners and will benefit more from the reduction. The intentions are good, but where do the funds come from to replace this tax? They come from adding 9.15% sales tax to other purchases.

One of the major resources passed by the House will be taxing mini or self-storage rental. The problem is self-storage includes a very high proportion of lower income users. Yes, higher income people use self-storage, but usually for shorter periods of time such as selling their house and moving. Higher income people have barns, garages, large houses and basements to use for storage. Lower income and distressed people are long-term users of self-storage. Their reasons include small apartments, divorce, loss of job, jail, eviction, extreme illness, students, military, death in the family and older persons moving into retirement or care facilities.

The Legislature is blindly grabbing money to help the poor, from the poor. The net result will be a loss for those they are trying to help. Stop regressive taxes.

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