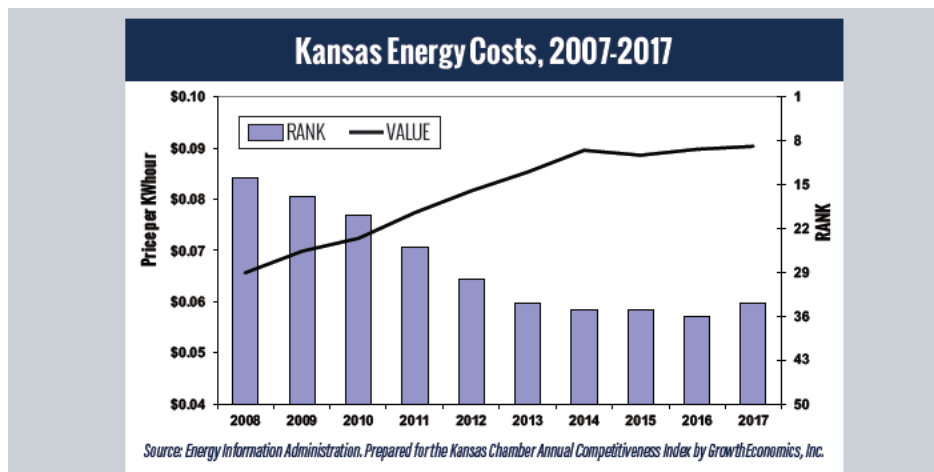


**House Committee on Energy, Utilities & Telecommunications
Testimony in Support of Senate Bill 126
Presented by Eric Stafford, Vice President of Government Affairs**

Tuesday, March 10, 2020

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber represents small, medium and large businesses of all industry segments across the state.

The Kansas Chamber appreciates the opportunity to testify in support of Senate Bill 126, which exempts investor-owned utilities from Kansas income tax. Businesses in our state have access to a variety of reliable energy sources. However, rising energy costs are a relatively new issue to the state. Looking at the chart below, Kansas had a strong ranking in the top 15 states in 2007-2008, before starting to slip in our national ranking for affordable energy costs. Kansas now ranks 34th in the nation according to data collected in our annual competitiveness index (ACI) conducted by Graham Toft with GrowthEconomics.



What does it mean?

Although of less importance than labor, health insurance, and taxes, energy costs are nonetheless a core concern of employers, especially for manufacturing industries, and are highly variable across states. Kansas experienced a steady increase in industrial and commercial electricity prices between 2008 and 2014, resulting in a drop in its ranking from 14th to 35th. Kansas prices and its rank have stabilized in the past four years. In 2017, a slight increase in energy costs relative to other states improved its ranking to a current 34th place up from 36th the year before.

The purpose of the bill is rather simple- the tax liability of these utilities is simply passed on to ratepayers through their utility rates. If passed, SB 126 would allow utility companies to lower rates by approximately \$40 million per year.

In closing, SB 126 helps Kansas ratepayers experience relief in their utility costs by avoiding pass-through charges to customers created by Kansas tax liability.