

State of Kansas

Senate Chamber



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March 7, 2019 – SB 184
Testimony of Senator Anthony Hensley
To the Senate Committee on Assessment and Taxation
Supporting Passage of Senate Bill 184

Good morning Madam Chairwoman and members of the Committee.
I appreciate the opportunity to provide testimony in support of Senate Bill 184.

Senate Bill 184 re-establishes the food sales tax refund act. The Kansas Department of Revenue (KDOR) has used data prior to the repealing of the food sales tax refund for which was effective tax year 2013. In Tax Year 2010, 378,897 claims were allowed where the refund of a claimant whose income was \$17,500 or less was an amount equal to \$90 and a claimant whose income was \$17,501 but not more than \$35,000 was an amount equal to \$45.

Considering this bill also provides for the same income ranges and refund amounts, KDOR took the total amount paid in Tax Year 2010 (\$59.2 million) and subtracted KDOR's most recent credit data (\$6.8 million) from 2010 data, the fiscal note on Senate Bill 184 is \$52.4 million.

Kansas Food Tax Issue History



1978: Kansas enacts Food Sales Tax Rebate Program

Refundable Income Tax Credit Requiring Both Income and Demographic Tests to be Met

Major Legislative Expansions: 1986, 1998, 2002, 2010

2012: Program Repealed for Tax Year 2013

2013: Partial Restoration (made nonrefundable)

2013, 2015 Sessions: Multiple Food Tax Rate Relief Options Debated During Legislative Sessions

Food Sales Tax Refund Program – Tax Year 2012

Income Test: Household income \$36,700 or less (Two-tiered system)

Demographic Test: Someone in household must be (A) 55 or above; (B) a dependent child under 18; (C) blind; or (D) otherwise disabled.

Income Tax Credit was \$94 (\$0-18,350) or \$47 (\$18,351-\$36,700) for each qualified household member. (Heads of household income tax filers got one additional refund amount to dovetail with state income tax law.)

Refundable

\$36,700 ceiling and \$94/\$47 credit/refunds were indexed for inflation

Food Sales Tax Credit Program – Tax Year 2013-2018

Income Test: Household income \$30,615 or less (Single-tiered system)

Demographic Test: Someone in household must be (A) 55 or above; (B) a dependent child under 18; (C) blind; or (D) otherwise disabled.

Income Tax Credit is \$125 for each qualified household member. (Heads of household income tax filers do NOT get one additional credit amount.)

Non-refundable

\$30,615 ceiling and \$125 credits NOT indexed for inflation

Food Sales Tax Refund Program – Tax Year 2019 (SB 184)

Income Test: Household income \$35,000 or less (Two-tiered system)

Demographic Test: Someone in household must be (A) 55 or above; (B) a dependent child under 18; (C) blind; or (D) otherwise disabled.

Income Tax Credit is \$90 (\$0-17,500) or \$45 (\$17,501-\$35,000) for each qualified household member. (Heads of household filers would again get one additional refund amount.)

Refundable

\$35,000 and \$90/\$45 credit/refunds again would be indexed for inflation