

**To:** Professor John Yinger  
**From:** Jeremy Crimm and Miriam Swartz  
**Re:** Proposal to Eliminate the Sales Tax on Groceries in Kansas  
**Date:** May 6, 2022

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## **Executive Summary**

Kansas is one of thirteen states that imposes sales tax on groceries, and one of only seven states that taxes them at the full rate. While this practice contributes additional revenues to the state's general fund, taxing groceries has distortionary and regressive effects. It also has implications for food insecurity. Kansas acknowledges this, providing an income tax credit for low-income residents who face a higher burden from the grocery sales tax than higher income households. However, this policy is insufficient to create vertical equity.

Governor Laura Kelly has proposed eliminating the food sales tax in her Fiscal Year 2023 budget. This would exempt groceries from the general sales tax while continuing to apply the tax to restaurant meals. The legislature is also considering two similar proposals. The first exempts all food sales from the sales tax, including meals purchased at restaurants. The second keeps the current rate for prepared foods while reducing the sales tax on groceries. It also provides automatic mechanisms for reducing the groceries sales tax in the future and implements a refundable income tax credit.

The legislature should exempt groceries from the state sales tax but continue to apply it to meals sold at restaurants. This will improve vertical equity and reduce distortionary effects while minimizing the impact on revenue.

## **Background**

### *Current Sales Tax*

Thirteen states, including Kansas, do not exempt groceries from its sales tax. Six states tax groceries at a lower rate than the general sales tax: Utah, Illinois, Missouri, Arkansas, Tennessee and Virginia. The other seven tax groceries at the full rate: Idaho, South Dakota, Oklahoma, Mississippi, Alabama, Hawaii and Kansas.<sup>i</sup>

Kansas's current rate is 6.5%, making it the second highest in the country behind Mississippi at 7.0%.<sup>ii</sup> However, Kansas allows local governments to impose their own sales tax on top of the State's. When taking this into account, Kansas's sales tax on groceries is the highest in the country.<sup>iii</sup>

### *Food Sales Tax Credit*

Kansas has offered a food sales tax credit to low income-filers since 1978 to offset some of the policy's regressive effects. Before 2013, the credit was refundable; if the amount of the credit was larger than what a filer owed, they received a refund for the difference. The credit provided \$72 per exemption claimed on the filer's federal income tax for those with adjusted gross income of \$0 to \$13,800; and a \$36 credit per exemption for those with adjusted gross income between \$13,801 and \$27,600.<sup>iv</sup>

In 2012, the legislature increased the size of the credit but repealed its refundability and tightened eligibility requirements. The current credit is \$125 per exemption claimed on the filer's federal income tax.<sup>v</sup> However, filers do not receive the full credit amount if it is larger than what they owe. The credit only applies to filers with a federal adjusted gross income below \$30,615 who have a disability, are 55 or older, or claim a dependent under 18 who has a disability.<sup>vi</sup> The elimination of the refund and changes to eligibility has significantly decreased the number of exemptions and the total annual tax expenditure (see Table 1).

### **Kansas Budget and Tax Cut Context**

In eliminating the sales tax on groceries, the legislature will have to take care to demonstrate to the public that they will be able to manage any revenue shortfalls that may accompany the decision. In 2012, then-Governor Sam Brownback reduced the rate on pass-through business income to zero which led to revenues “plunging,” statewide cuts to education funding, and downgrades to the state's bond rating.<sup>vii</sup> In 2017, the Republican-controlled legislature passed a statewide tax *increase* with broad support to make up for the lost revenue.

Far from the harsh reality of the earlier parts of the last decade, Kansas currently enjoys a budget surplus. Early 2022 forecasts a surplus around \$2.89 billion in the state's general fund. In 2021, the state collected \$758 million more in general tax revenues than expected, leading to a nearly 9.3% surplus in May—just before the start of the new fiscal year.<sup>ix</sup> The Governor has said that her top fiscal priority in light of the surplus is eliminating the grocery tax and there appears to be room in the budget to do so.<sup>x</sup> However, policymakers must be mindful of the possibility of revenue shortfalls to prevent Kansas from falling back to where it was less than a decade ago.

### **Impact of Grocery Sales Tax**

#### *Distributional Effects*

The current sales tax on food has differential impacts for households across the income distribution, raising equity concerns. As income rises, the ratio of consumption to income falls. This impact also applies to food. In 2018, families in the lowest income quintile spend almost twice the share of their annual income on groceries as those in the highest, 10.3% and 5.7%, respectively.<sup>xi</sup> General sales taxes are therefore regressive; lower income households pay a higher percentage of their incomes in taxes than higher income households.

In Kansas, a typical four-person household with \$25,000 in annual income spends 29% of its income on food, while a typical four-person household earning \$150,000 spends only 6%.<sup>xii</sup> The household earning \$150,000 pays \$619 in grocery sales taxes annually, 0.4% of its income. The household earning \$25,000 spends \$468 in grocery sales taxes annually, 1.9% of its income. Thus, the low-income household's rate is almost 4.75 times that of the high-income household.<sup>xiii</sup>

#### *SNAP Implications*

While federal law prevents states from collecting sales tax on groceries purchased using SNAP, this does not negate the equity concerns. SNAP does not cover all food expenses, and Kansas's average monthly benefit of \$229 is \$10 lower than the nationwide average of \$239.<sup>xiv</sup> In addition, SNAP covers up to 130% of the federal poverty line, \$34,452 annually for a family of

four.<sup>xv</sup> This leaves out many low-income families. In addition, Kansas's participation rate, the percentage of eligible people who enroll in the program, is well below the national average: 69% compared to 82%.<sup>xvi</sup>

### *Food Insecurity in Kansas*

Grocery taxes are correlated with higher rates of food insecurity and Kansas's rate is higher the national average, 12.1% compared to 10.9%.<sup>xvii</sup> In 2019, approximately one in eight Kansas residents reported facing hunger, including one in six children.<sup>xviii</sup> Food insecurity has increased during the pandemic, and grocery taxes can contribute to food insecurity. A nationwide study found that grocery taxes are associated with higher rates of food insecurity amongst low-income individuals, even after controlling for demographic characteristics, environmental factors, and SNAP participation. On average, a one percentage point increase in the grocery tax rate is associated with a 0.84% increase in food insecurity for households making less than \$30,000 each year.<sup>xix</sup>

### *Distortionary Effects:*

While the tax elasticity of demand for food is inelastic, Kansas's grocery tax is inefficient because it leads to border effects. A national study estimates that a 1% increase in the grocery tax is associated with a 0.07% decrease in food consumption for those who are income eligible for SNAP but don't participate.<sup>xx</sup> This indicates that demand for food is insensitive to changes in the sales tax. However, Kansas's grocery tax creates costs to consumers and businesses in foregone economic activity, as well as to local governments in foregone revenue. The grocery tax creates incentives for households living near its border to cross into neighboring states to purchase food. A study examining this effect found that every one unit increase in the tax difference index (the average sales tax difference between a Kansas county and its bordering counties in other states), food sales volume drops 9.769% per person per year.<sup>xxi</sup> This has implications for local governments, who lose out on sales tax revenue.

## **Proposals**

### *#1: Repeal Sales Tax for Groceries Only*

Governor Kelly's proposal exempts food and food ingredients from the general sales tax while continuing to apply it to prepared foods. This does not include alcoholic beverages. Her proposal would also increase the portion of the general sales tax dedicated to the State Highway Trust Fund from 16.54% to 18.22%.<sup>xxii</sup> This will ensure that the fund will not be negatively impacted by the corresponding reduction in sales tax revenue. The Kansas Division of Budget estimates that the State Highway Trust Fund will receive an additional \$6.1 million in FY2023 as a result.<sup>xxiii</sup> However, the proposal would still allow local governments to impose sales tax on food and food ingredients. Kelly estimates that her proposal would cost \$449 million in fiscal year 2023, \$481.9 million in FY2024 and \$491.3 million in FY2025. The estimate assumes that sales tax on groceries accounts for 15% of annual sales tax revenue.<sup>xxiv</sup>

The proposal continues to apply the general sales tax to prepared foods, which is intended to capture restaurant meals. "Prepared foods" is defined as food sold in a heated state by the seller, two or more food ingredients mixed or combined by the seller and sold as a single item, or food sold with eating utensils provided by the seller.<sup>xxv</sup> The definition excludes food that is solely cut,

repackaged or pasteurized by the seller and raw eggs, fish, meat and poultry or foods that contain these raw products and require cooking by the consumer. It also excludes soft drinks, any food sold by a manufacturer as defined by the North American Industry Classification System (NAICS), bakery items, and food sold in an unheated state by weight or volume as a single item. Lastly, it exempts food sold that “ordinarily requires additional cooking, as opposed to just reheating, by the consumer prior to consumption.”<sup>xxvi</sup>

### *#2: Repeal Sales Tax for All Food*

The legislature is also considering exempting food ingredients and food sold at restaurants from the state’s general sales tax. This proposal would also continue to allow local governments to impose sales taxes and eliminate the grocery tax credit. However, it does not adjust the portion of the general sales tax dedicated to the State Highway Trust Fund, which will reduce revenues for planned projects.

The Kansas Division of Budget estimates that a clean repeal would cost \$319.8 million in fiscal year 2023, but this would increase to \$771.7 million in FY24 and \$786.6 million in FY25.<sup>xxvii</sup> It assumes that sales tax on food and restaurant meals accounts for 24% of annual sales tax revenue.<sup>xxviii</sup>

### *#3: Reduce Sales Tax Rate and Implement Refundable Credit*

This proposal cuts the sales tax rate from 6.5% to 3.5% for groceries while taxing restaurant meals at the current rate. However, it also provides an automatic mechanism for future rate reductions. If the state’s Budget Stabilization Fund, its rainy-day fund, exceeds \$100 million at the beginning of each fiscal year, the grocery tax will be reduced by 1.2% at the beginning of the next tax year. Once the rate reaches zero, it will remain there permanently. At the end of fiscal year 2021, the Budget Stabilization Fund’s balance was \$81.9 million.<sup>xxix</sup> The proposal reinstates the refundable tax credit, but it does not change the portion of sales tax revenue dedicated to the Highway Trust Fund. The Kansas Division of Budget estimates that the proposal would cost \$437.8 million in fiscal year 2023, \$540.3 million in FY2024 and \$643.4 million in FY2025.<sup>xxx</sup>

A recently published amended version of the bill brings the sales tax on groceries up to 6.3%, still below the current 6.5% rate. This reduces the fiscal impact to \$322.8 million in fiscal year 2023, \$437.8 million in FY2024 and \$540.3 million in FY2025.<sup>xxxi</sup>

## **Points to Consider**

There is broad, bipartisan support to eliminate the sales tax on groceries. Governor Kelly (a Democrat) and Senate President Ty Masterson (a Republican) both support eliminating the tax. Governor Kelly’s website cites several local and national groups that also back the proposed change including the AARP, the Kansas Rural Center, and the Institute for Policy and Social Research at the University of Kansas.<sup>xxxii</sup> Few groups have come out in outright opposition to the proposal, but various groups statewide have noted points to consider in drafting the final legislation.

The Greater Kansas City Chamber of Commerce supports lowering the food tax, but gradually. They do not favor outright elimination, citing concerns about revenue shortfalls and relieving the

tax cut-related deficit in the mid-2010s. The Chamber is urging a phase-out of the grocery tax so as to not shock the general fund balance—but favors the move toward outright elimination eventually. The Kansas Department of Transportation (KDOT) shares concerns about revenue shortfalls, particularly to the state highway fund. They favor an amendment to ensure that revenue shortfalls in the general fund are not covered by transferring money away from the highway fund.<sup>xxxiii</sup> This concern is addressed in Governor Kelly’s proposal (proposal #1 above), but not the others.

Ultimately, eliminating the grocery tax will impact revenue statewide and Kansas will be responsible for covering the costs. The governor and the legislature have repeatedly emphasized the current budget surplus as a means of covering the costs. While, as of May 2021, the surplus is sufficient to cover the first three years of any of the three detailed plans, it is not necessarily a long-term solution. A December 2021 presentation from the Institute for Policy and Social Research at the University of Kansas suggests that the 2018 *Wayfair* Supreme Court Decision allowing states to collect sales tax on internet commerce should broaden the sales tax base sufficiently to compensate for any lost tax revenue on groceries.<sup>xxxiv</sup> Kansas only recently passed legislation establishing a sales tax obligation for internet sellers with over \$100,000 in sales in Kansas.<sup>xxxv</sup> While the law has been in place for less than a year, it is likely that the additional revenue will be sufficient to cover the revenue impact of eliminating the grocery tax.

The Kansas Association of Counties favors a version of the bill that does not change local finances. One version of the bill, one that includes a sales tax exemption on farmers markets, would decrease local sales tax revenue. The Association is particularly concerned about border effects, noting that missing out on local revenue in border counties puts those communities at a real financial disadvantage. They support eliminating the statewide tax in its entirety so long as county revenue continues to flow.<sup>xxxvi</sup>

The first proposal, which eliminates the grocery tax but continues to apply sales tax on prepared meals, would likely increase administrative costs for local governments. If the proposal were enacted, local governments would no longer be able to rely on the state for collecting taxes on groceries. They would need to create mechanisms to collect their respective sales tax, which may require new technology and additional staff. It’s also possible that local governments may decide that the increased administrative costs outweigh the revenue they collect from sales tax on groceries. In addition, proposals #1 and #3, which eliminate or reduce the tax on groceries but not for prepared meals, would likely create new compliance costs for grocery stores and businesses that sell both groceries and prepared food. These establishments will need to set up new systems to ensure they are applying the correct level of tax for each product. However, under the first proposal, some of these costs could be offset by the fact that the tax difference between SNAP and non-SNAP purchases will disappear.

### **Recommendation**

Kansas should eliminate the sales tax on groceries while maintaining the current sales tax on prepared food items (Option #1 as indicated above). Doing so will help eliminate the regressivity inherent in sales taxes (especially on necessary items like groceries) while maintaining any revenue Kansas currently takes in from taxes on prepared food. The state should “axe the tax”

while enjoying a budget surplus to help navigate through any short-term revenue shortfalls and take advantage of the *Wayfair* decision to make up the future lost revenue by b.

Kansas should also refine its definition of prepared foods to include bakery items but exclude prepared foods sold by grocery stores. There is no clear justification for why bakery items sold by commercial bakeries should be exempt from the general sales tax. In addition, the state should exempt prepared foods sold by grocery stores, as defined by NAICS code 445110. This will reduce compliance costs and simplify implementation while improving vertical equity. Many low-income families have limited time to cook, and homeless individuals may not have reliable access to kitchens. The current proposal would unnecessarily tax items that these households may rely on, such as rotisserie chicken. Removing the sales tax on all prepared foods sold by grocery stores would increase progressivity and lower compliance costs.

There will be some pushback from citizens and groups arguing that all prepared food should also be exempt from the sales tax. The Kansas Restaurant and Hospitality Association wants prepared food included in the measure, arguing that, in some rural counties, residents can only purchase prepared food as grocery stores have closed.<sup>xxxvii</sup> However, they provide little evidence to this effect. Further, household consumption data indicates that higher income households spend larger percentages of their food purchases on restaurants than lower income households. In 2015, the top income quintile spent 49% of total purchases away from home, compared with 34% in the lowest income quintile.<sup>xxxviii</sup> Americans with the lowest incomes are not typically those dining out—and they are the ones who should benefit the most from eliminating this tax.

Cutting the tax on groceries completely but leaving it in place for prepared food would be consistent with tax policy in other states. Every state that has a sales tax (and even New Hampshire, which does not) taxes prepared foods (figures 1 and 2). Kansas, which has 40 counties that collectively border four other states, must consider border effects in its tax policy. Eliminating the grocery tax will make Kansas competitive relative to its neighbors. Neither Colorado nor Nebraska currently tax groceries (meaning Kansas “axing the food tax” would help it catch up to its northern and western neighbors). Missouri and Oklahoma to the east and south both maintain state sales taxes on groceries. If Missouri and Oklahoma maintain their taxes, Kansas eliminating theirs could lead to border residents crossing into Kansas to buy groceries—particularly of note in the Kansas City metropolitan area where more than 500,000 residents live within 30 miles of the border. While this consequence is not guaranteed (Oklahoma or Missouri may choose to further reduce their tax to remain competitive), it is a potential benefit to Kansas with no real downside.

Finally, and most importantly, cutting the tax on groceries is associated with lower rates of food insecurity. One study estimates that even a modest decrease in the food tax could reduce food insecurity by as much as 2%. However, eliminating it directly is estimated to decrease food insecurity by 3.2% for households with incomes less than \$30,000. Another estimate from the Governor’s office estimates that eliminating the tax could save a family of four an average of \$500/year. Pursuing this plan will reduce food insecurity and put money in the pockets of Kansans who need it—it is a plan worth pursuing.

## **Conclusion**

Kansas should eliminate the sales tax on groceries and maintain the existing sales tax on prepared food. In doing so, legislators should be mindful of the economic hardships the state faced last time they substantially eliminated a revenue source and take care to devise a plan that will keep government-supported operations afloat (without diverting money from the state highway trust). The legislature and the governor believe the state's current surplus combined with the new ability to collect sales tax on internet purchases should allow the state to eliminate the tax without an adverse impact on the state's bottom line. In doing so, legislators can progress knowing they have helped to eliminate a regressive tax that led to unfavorable distortion effects in Kansas' border counties, and, more importantly, put food on the table and money in the pockets of Kansans who badly need it.

## Appendix

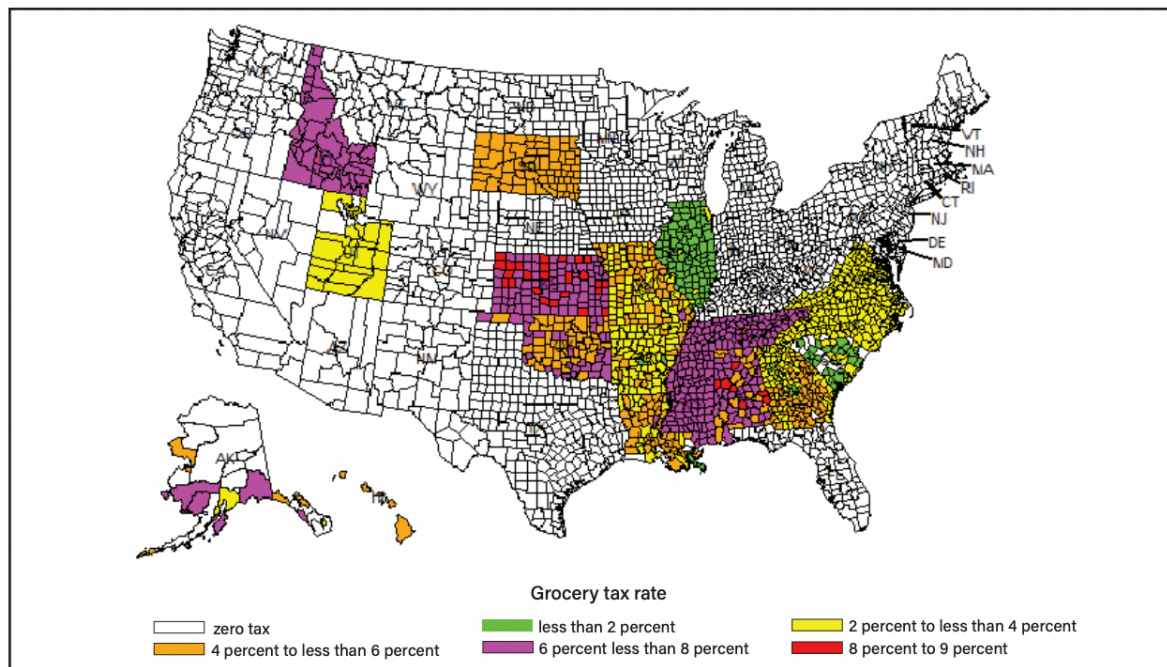
Table 1: Food Sales Tax Credit: Total Claims and Expenditures<sup>xxxix</sup>

Tax Year	Number of Claims Allowed	Amount Paid
2010	378,897	\$59,209,091
2011	369,637	\$57,237,181
2012	385,725	\$60,754,843
2013*	118,189*	\$25,580,320*
2014	80,414	\$14,221,704
2015	83,952	\$10,866,548
2016	52,775	\$7,855,278
2017	52,866	\$7,252,993
2018	70,090	\$9,837,101
2019	69,307	\$9,966,464

\* Indicates first year after elimination of refundability

Figure 2: US Food Taxes by County—groceries only<sup>xl</sup>

(1a) U.S. food sales taxes, State and county combined, 2019

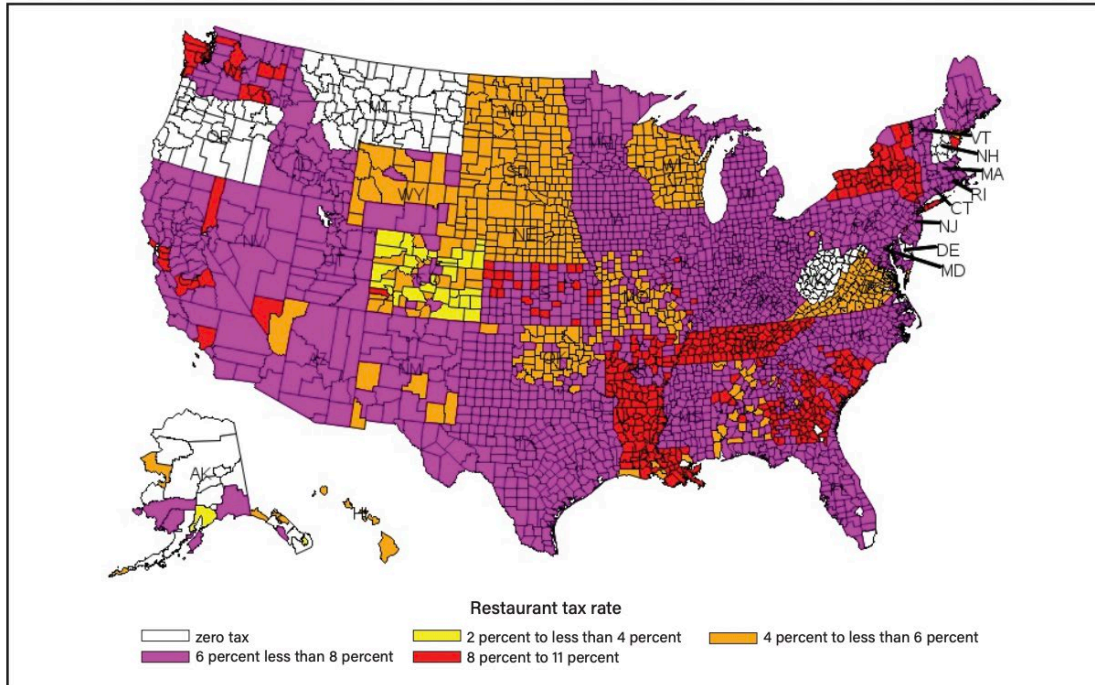


Source: USDA, Economic Research Service and collaborator calculations compiled by the authors from public tax and sales tax sources and State and county departments of revenue. These are the combined State and county tax rates. They do not reflect that some cities may impose additional taxes on top of any State and county taxes.



Figure 2: US Food Taxes by County—prepared food<sup>xii</sup>

**(1b) Restaurant food sales taxes**



Source: USDA, Economic Research Service and collaborator calculations compiled by the authors from public tax and sales tax sources and State and county departments of revenue. These are the combined State and county tax rates. They do not reflect that some cities may impose additional taxes on top of any State and county taxes.

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<sup>i</sup> “Fiscal Facts,” Tax Policy Center, modified January, 2021, <https://www.taxpolicycenter.org/fiscal-fact/state-sales-tax-groceries-ff-09202021>

The Tax Policy Center is a non-partisan think-tank that provides independent analysis on tax issues. It is a joint project between the Urban Institute and the Brookings Institution, and is comprised of leading researchers in budget, tax and social policy.

<sup>ii</sup> Eric Figueroa and Julian Legendre, “States that still Impose Sales Taxes on Groceries Should Consider Reducing or Eliminating Them,” Center on Budget and Policy Priorities, April 1, 2020, <https://www.cbpp.org/research/state-budget-and-tax/states-that-still-impose-sales-taxes-on-groceries-should-consider>

The Center on Budget and Policy Priorities is a nonpartisan research institution that focuses on policies that reduce policy and inequality while promoting fiscal responsibility. While the organization has a clear mission to influence policy debates and create equitable outcomes, it cites all its sources in its analysis and is committed to accuracy.

<sup>iii</sup> Kansas Office of the Governor, “Governor Laura Kelly’s Plan to Axe the Food Tax: What They’re Saying,” news release, November 10, 2021, <https://governor.kansas.gov/governor-laura-kellys-plan-to-axe-the-food-tax-what-theyre-saying/>

This is a press release from the Kansas Governor’s Office. While the release’s intent is to advocate for the Governor’s policy proposal, it cites the support of independent organizations.

<sup>iv</sup> K.S.A. 79-3635

This is the original authorizing statute for the Kansas Grocery Tax Credit.

<sup>v</sup> Kansas Department of Revenue, “Notice 13-12: Food Sales Tax Credit,” July 1, 2013, Topeka, KS, <https://www.ksrevenue.gov/taxnotices/notice13-12.pdf>

This is an official document from the Kansas Department of Revenue informing the public of tax changes.

<sup>vi</sup> Ibid.

(See annotation above)

<sup>vii</sup> William G. Gale, “The Kansas Tax Cut Experiment,” Brookings Institute, July 11, 2017. <https://www.brookings.edu/blog/unpacked/2017/07/11/the-kansas-tax-cut-experiment/>

The Brookings Institute is a nonprofit research institute headquartered in Washington, DC. Employing more than 300 researchers, Brookings publishes independent analysis to solve complex public policy problems. William Gale, the author of this report, is the Arjay and Frances Fearing Miller Chair in Federal Economic Policy at Brookings, a former Professor of Economics at UCLA, and a former member of the President’s Council of Economic Advisors.

<sup>viii</sup> Michael Mazerov, “Kansas Provides Compelling Evidence of Failure of ‘Supply-Side’ Tax Cuts,” Center on Budget and Policy Priorities, January 22, 2018. <https://www.cbpp.org/research/state-budget-and-tax/kansas-provides-compelling-evidence-of-failure-of-supply-side-tax>

The Center on Budget and Policy Priorities is a nonpartisan research institution that focuses on policies that reduce policy and inequality while promoting fiscal responsibility. While the organization has a clear mission to influence policy debates and create equitable outcomes, it cites all its sources in its analysis and is committed to accuracy. Michael Mazerov is a Senior Fellow at the Center and is the former Director of Policy Research for the Multistate Tax Commission.

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<sup>ix</sup> John Hanna, “Kansas Collected 9.3% Surplus in 2021 Budget Year,” AP, July 2, 2021. <https://apnews.com/article/ks-state-wire-kansas-business-health-coronavirus-pandemic-848a0d641ed61bd38553aedc41dbefb>

The Associated Press (AP) is a non-profit, independent news organization operating as a cooperative group of journalists. John Hanna is a correspondent for the AP who has covered Kansas politics based in Topeka.

<sup>x</sup> Stephen Koranda, “Kansas has Billions of Dollars in Surplus. Here are 9 Ways the Governor Wants to Spend it,” KCUR: NPR in Kansas City, January 12, 2022. <https://www.kcur.org/news/2022-01-12/kansas-has-billions-of-dollars-in-surplus-here-are-9-ways-the-governor-wants-to-spend-it>

KCUR is the Kansas City area affiliate of National Public Radio. It operates as a publicly-funded (with listener and reader support) news organization that generates original reporting. Stephen Koranda is the News Editor for the station’s Kansas News Service and was the on-air reporter for the Kansas Statehouse for more than 12 years.

<sup>xi</sup> Figueroa and Legendre, “States that Still Impose Sales Taxes on Groceries Should Consider Reducing or Eliminating Them”

(See annotation for the Center on Budget and Policy Priorities above)

<sup>xii</sup> Donna K. Ginther and Roy A. Roberts, “Sales Tax Incidence with a Focus on the Food Tax,” Institute for Policy and Social Research, Kansas University, November 19, 2021, [https://governor.kansas.gov/wp-content/uploads/2021/11/HypotheticalTaxPayers\\_SalesTaxes.pdf](https://governor.kansas.gov/wp-content/uploads/2021/11/HypotheticalTaxPayers_SalesTaxes.pdf)

This is a presentation from the Institute for Policy and Social Research, an independent research organization within Kansas University that supports faculty research from a broad array of social science disciplines. Its work is funded by all levels of government, as well as private foundations and corporations. It supports Governor Kelly’s proposal to eliminate the grocery sales tax.

<sup>xiii</sup> Ibid

(See annotation above)

<sup>xiv</sup> “SNAP Household State Averages for SNAP Benefits FY2019,” USDA Food and Nutrition Service, Accessed March 30, 2022, <https://www.fns.usda.gov/SNAP-household-state-averages/2019#>

USDA’s Food and Nutrition Service is a federal government agency that funds nutrition assistance programs.

<sup>xv</sup> “SNAP Eligibility,” USDA Food and Nutrition Service, modified October 1, 2021, <https://www.fns.usda.gov/snap/recipient/eligibility>

See above for an annotation on USDA’s Food and Nutrition Service

<sup>xvi</sup> “SNAP Participation Rate by State, All Eligible People,” USDA Food and Nutrition Service, Accessed March 30, 2022, <https://www.fns.usda.gov/usamap#>

See above for an annotation on USDA’s Food and Nutrition Service

<sup>xvii</sup> “Food Insecurity Rate,” Kansas Health Matters, modified July, 2021, <https://www.kansashealthmatters.org/indicators/index/view?indicatorId=2107&localeId=19&comparisonId=6869>

Kansas Health Matters is a public-private partnership that provides up-to-date health data. It includes state agencies, local governments, insurers, and nonprofits.

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<sup>xviii</sup> "What Hunger Looks Like in Kansas," Feeding America, Accessed March 30, 2022, <https://www.feedingamerica.org/hunger-in-america/kansas>

Feeding America is a national network of food banks that advocates for policies that reduce hunger. While it has an agenda, it publishes its methodology and the data it uses for its analysis.

<sup>xix</sup> Yuqing Zheng, Jianqiang Zhao, Steven Buck, Shaheer Burney, Harry M. Kaiser, and Norbert L. Wilson, "Putting Grocery Food Taxes on the Table: Evidence for Food Security Policymakers," Food Policy, Volume 101, May 2021, ISSN 0306-9192, <https://doi.org/10.1016/j.foodpol.2021.102098>

This is a scientifically rigorous study conducted by academics from Cornell, Duke Kentucky, and University of Wisconsin, River Falls published in a multidisciplinary academic journal.

<sup>xx</sup> Diansheng Dong and Hayden Stewart, "Food Taxes and Their Impact on Food Spending," USDA Economic Research Service, Economic Research Report Number 292, September 2021, <https://www.ers.usda.gov/webdocs/publications/102045/err-292.pdf?v=4948.8>

The USDA's Economic Research Service is a federal agency that "conducts high-quality, objective economic research to inform and enhance public and private decision making."

<sup>xxi</sup> Arwiphawee Srithongrung, "Sales Tax Rate Differentials and Cross Border Shopping," KC Healthy Kids and Public Finance Center at Wichita State University, January 16, 2016, <https://www.khi.org/assets/uploads/news/14137/cross-border-shopping-white-paper-fin.pdf>

This is an academic study conducted by a professor at Wichita State University. It is published by KC Healthy Kids, a nonprofit who advances policies that boost the well-being of children.

<sup>xxii</sup> Kansas House Bill 2487, Session of 2022, [http://www.kslegislature.org/li/b2021\\_22/measures/documents/hb2487\\_00\\_0000.pdf](http://www.kslegislature.org/li/b2021_22/measures/documents/hb2487_00_0000.pdf)

This is the legislative text of proposed bill.

<sup>xxiii</sup> Adam Proffitt to Adam Smith, "Revised Fiscal Note for HB 2487 by Representative Sawyer, et al.," January 27, 2022, [http://www.kslegislature.org/li/b2021\\_22/measures/documents/fisc\\_note\\_hb2487\\_00\\_0000.pdf](http://www.kslegislature.org/li/b2021_22/measures/documents/fisc_note_hb2487_00_0000.pdf)

This is an official fiscal estimate of the legislation conducted by the Kansas Division of Budget

<sup>xxiv</sup> Ibid.

<sup>xxv</sup> Kansas House Bill 2487, Session of 2022

See annotation above

<sup>xxvi</sup> Ibid.

<sup>xxvii</sup> Adam Proffitt to Adam Smith, "Fiscal Note for HB 2484 by House Committee on Taxation," January 22, 2022, [http://www.kslegislature.org/li/b2021\\_22/measures/documents/fisc\\_note\\_hb2484\\_00\\_0000.pdf](http://www.kslegislature.org/li/b2021_22/measures/documents/fisc_note_hb2484_00_0000.pdf)

This is an official fiscal estimate of the legislation conducted by the Kansas Division of Budget.

<sup>xxviii</sup> Ibid.

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<sup>xxix</sup> Laura Kelly, “Governor’s Budget Report: Fiscal Year 2023, Volume 1,” State of Kansas, January 12, 2022, [https://budget.kansas.gov/wp-content/uploads/FY2023\\_GBR\\_Vol-1-UPDATE\\_V5\\_02-07-2022.pdf](https://budget.kansas.gov/wp-content/uploads/FY2023_GBR_Vol-1-UPDATE_V5_02-07-2022.pdf)

This is an official government document submitted to the Kansas Legislature from the Governor as part of the budget process.

<sup>xxx</sup> Adam Proffitt to Adam Smith, “Revised Fiscal Note for HB 2711 by House Committee on Taxation,” March 17, 2022, [http://kslegislature.org/li/b2021\\_22/measures/documents/fisc\\_note\\_hb2711\\_00\\_0000.pdf](http://kslegislature.org/li/b2021_22/measures/documents/fisc_note_hb2711_00_0000.pdf)

This is an official fiscal estimate of the legislation conducted by the Kansas Division of Budget

<sup>xxxii</sup> “Supplemental Note on House Bill 2711,” Kansas Legislature Legislative Research Division, [http://kslegislature.org/li/b2021\\_22/measures/documents/supp\\_note\\_hb2711\\_01\\_0000.pdf](http://kslegislature.org/li/b2021_22/measures/documents/supp_note_hb2711_01_0000.pdf)

This is an official description and estimate of the legislation conducted by the Kansas Division of Budget and the Kansas Legislature’s Legislative Research Division.

<sup>xxxiii</sup> Kansas Office of the Governor, “Governor Laura Kelly’s Plan to Axe the Food Tax: What They’re Saying,”

See annotation above (iii).

<sup>xxxiv</sup> Noah Taborda, “Kansas Bills Eliminating Food Sales Tax Offer Different Approaches to Addressing Food Insecurity,” *Kansas Reflector*, January 26, 2022, <https://kansasreflector.com/2022/01/26/kansas-bills-eliminating-food-sales-tax-offer-different-approaches-to-addressing-food-insecurity/>

The Kansas Reflector is a local, nonprofit news organization that exists to provide in-depth reporting on state government proceedings in the state of Kansas. Noah Taborda is a staff reporter covering Kansas politics who previously worked in the newsroom at KCUR.

<sup>xxxv</sup> Donna Ginther, “Economic Update & Tax Council Report,” *Institute for Policy and Social Research at the University of Kansas*.

This report was presented to the Governor and her staff in December 2021 to assess Kansas’ fiscal state. The report makes the case that the Supreme Court’s *Wayfair* decision coupled with Kansas’ solid fiscal state and projected surplus should be enough to cover the lost revenue from the grocery tax. Its author, Donna K. Ginther, is the Roy A. Roberts Distinguished Professor of Economics and the Director of the Institute for Policy and Social Research at the University of Kansas.

<sup>xxxvi</sup> KS SB 50, 2021 Session, <https://legiscan.com/KS/text/SB50/id/2358153/Kansas-2021-SB50-Enrolled.pdf>

This is the enacted statute.

<sup>xxxvii</sup> Ibid

<sup>xxxviii</sup> Ibid

<sup>xxxix</sup> Bureau of Labor Statistics, U.S. Department of Labor, *The Economics Daily*, High-income households spent half of their food budget on food away from home in 2015, Accessed April 1, 2020, <https://www.bls.gov/opub/ted/2016/high-income-households-spent-half-of-their-food-budget-on-food-away-from-home-in-2015.htm>

<sup>xxxix</sup> Data taken from:

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Kansas Department of Revenue “2021 Annual Report,” January, 2022, Topeka, KS,  
<https://www.ksrevenue.gov/pdf/ar21complete.pdf>

Kansas Department of Revenue “2016 Annual Report,” January, 2017, Topeka, KS,  
<https://www.ksrevenue.gov/pdf/ar16complete.pdf>

<sup>xl</sup> Diansheng Dong and Hayden Stewart, “Food Taxes and Their Impact on Food Spending.”

See annotation above (XV)

<sup>xli</sup> Ibid