

Citizens' Utility Ratepayer Board

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HOUSE COMMITTEE ON TAXATION H.B. 2110

Testimony on Behalf of the Citizens' Utility Ratepayer Board
By David Springe, Consumer Counsel
February 19, 2003

Chairman Edmonds and members of the committee:

Thank you for this opportunity to appear before you today and offer testimony on H.B. 2110. My testimony deals specifically with Old Section 1 (w), the removal of the sales tax exemption on sales of natural gas, electricity, heat and water delivered through mains, lines or pipes to residential premises for non-commercial use, or more simply, basic residential utility service.

The Citizens' Utility Ratepayer Board is the advocate for residential and small commercial utility customers in Kansas. CURB intervenes in public utility cases before the Kansas Corporation Commission and in the Kansas Courts and provides legal and technical representation on behalf of Kansas utility ratepayers.

H.B. 2110 will remove the sales tax exemption on utility service to residential customers. Since utilities will pass this sales tax directly through to consumers, H.B. 2110 will result in a direct increase to residential utility bills.

Utility service to residential consumers in Kansas is a basic necessity of life. Unlike many other products in the market, there are no good substitutes for the water, heat and electricity provided by Kansas utilities. By directly increasing utility bills, consumers may be faced with one of two choices; buy less utility service, or buy less of something else. The one choice residential customers do not have is to buy no water, buy no natural gas for heating, and buy no electricity. Utility service is unique in this respect.

I would note for the Committee that we are currently in a period where prices for natural gas are at historic highs. These high natural gas prices are projected to extend into next winter. Many Kansas residents are struggling during this current economic downturn. Utility bills are already high for many consumers, and repealing the sales tax exemption for utility service will make it more difficult for Kansas consumers to maintain the water, heat and electricity they depend on every day. CURB urges the Committee to not repeal the sales tax exemption for residential utility service.

Thank you.