

SB 248 – Written Proponent Testimony
House Committee on Taxation
Elizabeth Patton-State Director
March 10, 2023



Chairman Smith and Members of the Committee:

My name is Elizabeth Patton, State Director for Americans for Prosperity- Kansas and I appreciate the opportunity to submit written testimony in support of SB 248. Our support for this bill comes out of asking the legislature to think differently about our state tax structure and provide for something that can be a long term and consistent reform. Supporting SB provides us with the opportunity to more substantially cut taxes beneficial to low- and moderate-income families, and put a dent in the state's uncompetitive tax position. A move towards this bill in combination with a flat tax, however, gives everyday Kansans much more relief and creates a better economic environment overall.

At a time where Kansas families are struggling, this approach that gives more back to lower and middle income families is the responsible way to set tax policy. For legislators, it comes down creating opportunities for Kansas families.

As you have heard with previous testimonies, it is more beneficial to pair SB 248 with a flatter single rate tax for these reasons:

During times of high inflation, taxpayers may experience a concept called "Bracket Creep." It's when inflation pushes taxpayers into higher income tax brackets or reduces the value of credits, deductions, and exemptions. In other words, taxpayers see an increase in income taxes but have no increase in real income. Tax brackets are indexed to inflation on the federal tax code to prevent this. Also, some states have a single tax rate that prevents bracket creep. Kansas has neither within its tax code. SB 169 simplifying Kansas's graduated tax rates into one rate helps protect taxpayers from inflation and bracket creep.

SB 248 helps makes responsible, long term and sustainable tax reform for all Kansans more affordable with the Kansas state budget.

The latest state budget profile shows Kansas has a roughly \$2 billion surplus. It's an incredible opportunity to provide relief to all Kansans, including the most vulnerable taxpayers. Moreover, the state has opportunities to find efficiencies through Performance-Based Budgeting. Our report of the spending improvement process identified \$815 million spent on failing state programs.¹ Redirecting just a portion of funds from failing programs would be significant. When we have the opportunity to give hard-earned money back to Kansas taxpayers, we should pursue those when possible. It also helps prevent

¹ Americans for Prosperity – Kansas & Kansas Policy Institute, *Review of Kansas' Performance-Based Budgeting Shows Poor Results*, <https://kansaspolicy.org/review-of-kansas-performance-based-budgeting-shows-poor-results/>

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unnecessary or unvetted pet projects from being approved on the backs of taxpayers. We ought to be more vigilant with how many avenues exist for taxation in our state with not enough to show for it.

However, for this policy to be ideal, it should have a much larger standard deduction to ensure the most vulnerable and low-income Kansans are not uniquely burdened. It should also include language that allows for our state's economic growth to responsibility and consistently by down the tax rate as we see in states like North Carolina in order to maintain the economic benefits seen from smart tax reform.

We hope to see Kansas join these fellow states and pass tax policy that is wholistic, considers the big picture, and improves the lives of people across this state.

Sincerely,

Elizabeth Patton

State Director

AFP- Kansas