

SB 248 – Written Proponent Testimony
Senate Committee on Taxation
Elizabeth Patton-State Director
February 20, 2023



**AMERICANS FOR
PROSPERITY**
KANSAS

Chair Tyson 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 248 instead of eliminating the food sales tax earlier than scheduled actually provides us with the opportunity to more substantially of cut income 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 than by the proposal to purely eliminate sales tax on food.

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. Additionally, SB 248 would make tax relief for low-income Kansans even more affordable.

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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A smarter tax code which allows for the emphasis to be on a flatter, single rate tax and fewer sales tax exemptions puts Kansas in line with fellow states and economic growth.

In more than a century of state income tax rates, only four states have reformed their complex tax structure to a single rate. Since 2022, four states have passed more single-rate tax structures: Georgia, Iowa, Mississippi, and Arizona. SB 248 paired with a single rate tax allows Kansas to follow fellow states in crafting more straightforward tax codes.

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