



TESTIMONY OF JOEY HENTZLER  
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KANSAS HOUSE COMMITTEE ON TAXATION  
IN OPPOSITION TO HOUSE BILL 2005  
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My name is Joey Hentzler; I am the director of advocacy for the Kansas Appleseed Center for Law and Justice, a nonprofit, nonpartisan organization dedicated to the belief that Kansans, working together, can build a state full of thriving, inclusive, and just communities.

**Kansas Appleseed Opposes HB 2005.**

In 2012, Kansas started down a path of radical tax cuts that crippled the state budget. Revenue from tax receipts dropped more than \$700 million dollars between State Fiscal Year 2013 and 2014, when the new tax plan came into effect.<sup>1</sup> This tax experiment was sold with the promise that it would improve the economy, but the results are in and the experiment failed.

Despite assurances about how these revenue cuts would benefit the state, economic growth in Kansas stagnated. Kansas lagged behind all of our neighboring states in the region in real private-sector gross domestic product (GDP) growth.<sup>2</sup> Kansas was unable to pay the bills, and so we had to make drastic cuts and dip into reserve funds. State general fund spending per Kansas resident dropped 5.5 percent, the number of state employees fell by 4 percent, higher education funding per student fell by 2 percent, and Kansas transferred almost \$1 billion out of the state highway fund.<sup>3</sup> Kansas's credit rating was downgraded three times as we had to borrow more and more money.<sup>4</sup> Money meant for early childhood education had to be diverted to the state general fund, and public education funding cuts set off a constitutional crisis.<sup>5</sup>

By 2017, Kansans across the political spectrum were fed up. A bipartisan coalition of lawmakers passed new legislation that put an end to this failed tax experiment.<sup>6</sup> Projected revenues are back up, but our state still has significant needs. The foster care system is in crisis.<sup>7</sup> Infrastructure, schools, health care, early education, higher education, and KPERS are all in early stages of recovery from the last failed tax

<sup>1</sup> SFY2013: \$ 6,333,198,000 - SFY2014: \$ 5,632,080,000. Official Consensus Revenue Memos retrieved at: <https://budget.kansas.gov/estimates/>.

<sup>2</sup> Mazerov, M. "Kansas Provides Compelling Evidence of Failure of "Supply-Side" Tax Cuts." Center on Budget and Policy Priorities. 2018 p.7. <https://www.cbpp.org/sites/default/files/atoms/files/1-22-18sfp.pdf>

<sup>3</sup> *Id.* at 8.

<sup>4</sup> Kansas Center for Economic Growth. "Pocket Guide to the Kansas Tax Experiment." 2018. [https://realprosperityks.com/wp-content/uploads/2018/07/KCEG\\_One-Sheet\\_v2.png](https://realprosperityks.com/wp-content/uploads/2018/07/KCEG_One-Sheet_v2.png)

<sup>5</sup> Duara, N. "Hard times for Kansas and its schools as economic 'experiment' creates gaping budget hole." LA Times. 2016. <https://www.latimes.com/nation/la-na-kansas-hard-times-snap-20161121-story.html>

<sup>6</sup> Kansas Legislature. "SB 30: Concerning taxation; income tax..." 2017. [http://www.kstlegislature.org/li\\_2018/b2017\\_18/measures/sb30/](http://www.kstlegislature.org/li_2018/b2017_18/measures/sb30/)

<sup>7</sup> Strengthen Families Rebuild Hope. "Addressing the Foster Care Crisis in Kansas: Update: December 2019." 2019. [http://www.rebuildhopekansas.org/uploads/2/1/9/2/21929892/sfrh\\_2019\\_update\\_report.pdf](http://www.rebuildhopekansas.org/uploads/2/1/9/2/21929892/sfrh_2019_update_report.pdf)



experiment. The last thing Kansas needs right now is another experiment with new expensive revenue cuts.

The fiscal note for HB 2005 indicates that the proposal to allow itemized deductions on Kansas income tax returns regardless of their use on federal returns represents a \$171.3 million cut in state general fund revenue over the next three years.<sup>8</sup> Additionally, the bill would cost nearly \$600,000 to implement and modify the automated tax system in place.<sup>9</sup> The best projections indicate that Kansas is currently on pace to have a budget shortfall by 2023.<sup>10 11</sup> Making drastic cuts to revenues will make things worse - we just lived through the experiment that demonstrates this.

HB 2005 is a bill that Kansas simply cannot afford. It threatens funding for programs critical to kids in foster care, the people who depend on safe roads and highways to get around, and the kids in school looking for a quality education. Kansas still recovering from the last tax experiment. Now is not the time to experiment some more. For these reasons, Kansas Appleseed opposes HB 2005.

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<sup>8</sup> Campbell, L. "Revised Fiscal Note for HB 2005 by Representative Bishop." Kansas Division of the Budget. 2019. [http://www.kslegislature.org/li/b2019\\_20/measures/documents/fisc\\_note\\_hb2005\\_00\\_0000.pdf](http://www.kslegislature.org/li/b2019_20/measures/documents/fisc_note_hb2005_00_0000.pdf) (FY 2020: \$50.1 million, FY 2021: \$60.3 million, FY 2022: \$60.9 million)

<sup>9</sup> Id.

<sup>10</sup> Hanna, J. "Kansas faces future budget woes even with a revenue surplus." AP News. 2019. <https://apnews.com/8c0d4600148847dbbcc6462d03cbf51f>

<sup>11</sup> Kansas Legislative Research Department. "State General Fund Profile FY 2017 - FY 2023." 2019. [http://kslegislature.org/li/b2019\\_20/committees/ctte\\_leg\\_budget\\_1/documents/testimony/20190813\\_02.pdf](http://kslegislature.org/li/b2019_20/committees/ctte_leg_budget_1/documents/testimony/20190813_02.pdf)