



THRIVING CAMPAIGN DIRECTOR  
KANSAS APPLESEED CENTER FOR LAW AND JUSTICE

KANSAS HOUSE COMMITTEE ON TAXATION  
**IN OPPOSITION TO HOUSE BILL 2421**

MARCH 17, 2021

My name is Haley Kottler; I am a campaign director 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 House Bill 2421.**

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 might improve the economy, but the results are in and the experiment failed.

Growth in revenue stagnated. Kansas was unable to pay our bills, and so we had to dip into reserve funds. Large sums of money were swept from the Kansas highway fund and from delayed retirement fund (KPERs) payments. This left our state's infrastructure vulnerable, and our state pension system in trouble. Funding for vital programs was cut across the board. The economy did not take off; it stalled out. GDP growth in Kansas between 2012 and 2017 was significantly lower than both the US as a whole and our Plains state neighbors.<sup>2</sup> Kansas's credit rating was downgraded three times as we had to borrow more and more money.<sup>3</sup>

In June 2017, Kansans were fed up and lawmakers passed new legislation that put an end to this failed tax experiment. Projected revenues rose, but our state still has significant needs. The foster care system is in crisis.<sup>4</sup> Infrastructure, schools, health care, early education, and KPERs are all still recovering from the last failed tax experiment. Now we are in the midst of a global pandemic that has had a significant health and fiscal impact in ways we will be dealing for many years to come. The last thing Kansas needs right now is another experiment with a new risky tax plan.

HB2421 proposes a large new tax experiment that we simply cannot afford. This bill is being rushed through and still does not have a fiscal note. Voting on this bill without any estimate of its fiscal impact

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<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> GDP Growth 2012-2017, Kansas: 13.3%, Plains States: 15.2%, United States: 20.3%; Annual GDP by State retrieved at: <https://apps.bea.gov/regional/downloadzip.cfm>

<sup>3</sup> Kansas Center for Economic Growth. "Pocket Guide to the Kansas Tax Experiment." Retrieved at: [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>4</sup> Strengthen Families Rebuild Hope. "Addressing the Foster Care Crisis in Kansas: Recommendations from the Strengthen Families Rebuild Hope Coalition." Retrieved at: [http://www.rebuildhopekansas.org/uploads/2/1/9/2/21929892/sfrh\\_2018report\\_final.pdf](http://www.rebuildhopekansas.org/uploads/2/1/9/2/21929892/sfrh_2018report_final.pdf)



would be highly irresponsible. The main beneficiaries from this bill are those who own large corporations that do global business and have large business interest expenses and expense accounts. These are not the people who are hurting in the pandemic. This bill is not a responsible course of action.

Over 400,000 Kansas residents do not have enough to eat.<sup>5</sup> Less than 35% of kids aging out of foster care are graduating high school and more than 10% of kids who leave the foster care system return to it within 12 months.<sup>6</sup> Roughly half of non-retired adults say the economic consequences of the coronavirus outbreak will make it harder for them to achieve their financial goals.<sup>7</sup> Now is not the time to be giving away big tax breaks to global corporations. Kansans need to come together and take care of those who are hurting during this crisis.

HB2421 is an irresponsible tax policy. We strongly urge lawmakers to oppose it. Thank you for your time and consideration on this important matter.

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<sup>5</sup> 15.9% of Kansans (<https://www.feedingamericaaction.org/the-impact-of-coronavirus-on-food-insecurity/>)

<sup>6</sup> <http://www.dcf.ks.gov/services/PPS/Pages/CaseManagementContractOutcomes.aspx>

<sup>7</sup> <https://www.pewresearch.org/social-trends/2021/03/05/a-year-into-the-pandemic-long-term-financial-impact-weighs-heavily-on-many-americans/>