

**Testimony
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Proponent HB2444**

My name is Jerry Marsh and I am here today to offer my perspective on Kansas government and fiscal policy. I claim no expertise other than that of a Kansas resident trying to stay informed regarding issues that affect Kansans.

I am a retired high school teacher. Among other subjects, I taught American Government and Economics for twenty-five years. On the government side I urged participation, especially partisan participation, because I believe that partisan involvement provides the best opportunity to improve our society. However, I am no die-hard partisan and in that vein, I urge you to set aside partisanship, faction, and ideology and to come together in the best interest of all Kansans.

What does that mean from an economic perspective? I am persuaded that Kansas has a broken fiscal policy badly in need of repair. You are more fully aware of those details than I am. I will speak to certain fundamentals that I tried to teach and that I still believe.

When teaching fiscal policy, I began the unit with a question: What is a fair tax or what is tax fairness? Of course, there is no precise and universal definition of what constitutes a fair tax. However, you will have a difficult time obtaining and sustaining public support for your fiscal policy if your constituents do not perceive it to be fair.

Currently, Kansas fiscal policy fails the fairness test. Kansas tax structure overall is aggressively regressive and a regressive tax is inherently unfair. It is unfair to ask people of lesser means to bear a larger share of the Kansas tax burden than people of greater means.

To justify a policy of income tax exemptions for businesses with the claim that it will bring jobs to Kansas fails on at least two grounds. First, it fails empirically. After four years, no hard evidence exists to support such a claim and no evidence can be found except by cherry picking the data.

Second and more importantly in my view, it relies on a false premise that those who pay state income tax are less important to the well-being of the Kansas economy than those granted exemptions. That is not a message you want to send to the people that pay taxes to support Kansas government. People paying state income tax perform an essential service for the Kansas economy by virtue of the multiplier effect which brings jobs to Kansas. To demean their contribution as this policy does is a big mistake.

Another point I made in teaching fiscal policy, and my last point here today, is that there is nothing inherently good or bad in tax cuts, tax increases, spending cuts or spending increases. The good or bad in fiscal policy depends on context.

The current context of Kansas fiscal policy strongly indicates a failed policy. Our government is in desperate need of revenue, and maybe you did not create this problem but you certainly have an obligation to fix it. That is why we pay you the big bucks, I hope you are open to a small dose of humor. There can be no sitting on the sidelines, all players regardless of party or fiscal philosophy must engage and do so sooner rather than later. Kansans need for you to step up and to step up now.

I would be happy to answer any questions the Committee may have.

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