



**KANSAS ASSOCIATION
OF SCHOOL BOARDS**

Serving Educational Leaders, Inspiring Student Success

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Testimony before the
House Taxation Committee
on

HB 2444

by

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Mr. Chairman, Members of the Committee:

Thank you, Chairman Kleeb, for the opportunity to testify on **HB 2444**.

We believe more revenue is needed to fund schools and other essential public services. We urge the committee to address that issue at its most important challenge. As a result, we support one component of the bill and are opposed to another.

Our Delegate Assembly adopts policies, that until revised, offer guidance for our advocacy efforts. Regarding tax policy and revenue streams, our current policy states:

Funding and Revenue Sources

Revenue Sources: The state should strive to achieve from the major revenue sources, sales, income and property taxes, a balanced and equitable mix of revenues that are suitable to support public services, including funding for quality education. Taxes should be broadly based to ensure all Kansans share fairly in the cost of public services.

We have made it clear to our members and others state spending on schools is at a record high. We have also crunched the numbers to demonstrate district operating budgets are shrinking when inflation is taken into account. Without new revenue, we are concerned that this problem can only get worse.

As members of this committee know, KASB has repeatedly stood before you to offer support in the difficult step of raising taxes. Our policies do not identify particular taxes to raise or oppose. In the past, we have supported sales, income and even property taxes to provide adequate services for Kansans.

Therefore, we support the component of the bill that would require non-wage business income to be included as income for Kansas income tax purposes beginning in tax year 2016. It has a positive fiscal impact of over \$260,000,000 in FY 17. If the approximately 50% of the state general fund education proportion was applied, that could be \$130,000,000 afforded to schools.

Hopefully, you are aware the Kansas State Board of Education is moving to making sweeping changes in what it expects out of students and the districts in which they attend. Districts, and communities, will have the obligation to offer instruction and support systems that help students achieve more ambitious academic and personal outcomes. That \$130,000,000 could be very helpful in that regard.

The second part of the bill, lowering the tax rate on food, when subject to the same policy scrutiny, is one we must oppose. It would cost the state \$234,000,000 in revenue.

We do not particularly support or oppose the lowering the sales tax on food, but at this time, Kansas has more need of revenue for schools, higher education, social services and infrastructure; cutting taxes is not appropriate in today's environment.

The bill does bring in more than \$26,000,000 to state coffers if both components were passed, a possible net gain to schools of \$13,000,000, which is not an insignificant sum, but still not enough.

Kansas schools need to see expanding budgets not shrinking ones. There are new demands for technology, often centered around student data privacy. Many fixed costs, such as insurance, continue to climb. But the reality is, where most of increased resources would go would be expanded instructional opportunities for helping Kansas lead the world in the success of each student.

Thank you for the opportunity to offer our thoughts.