

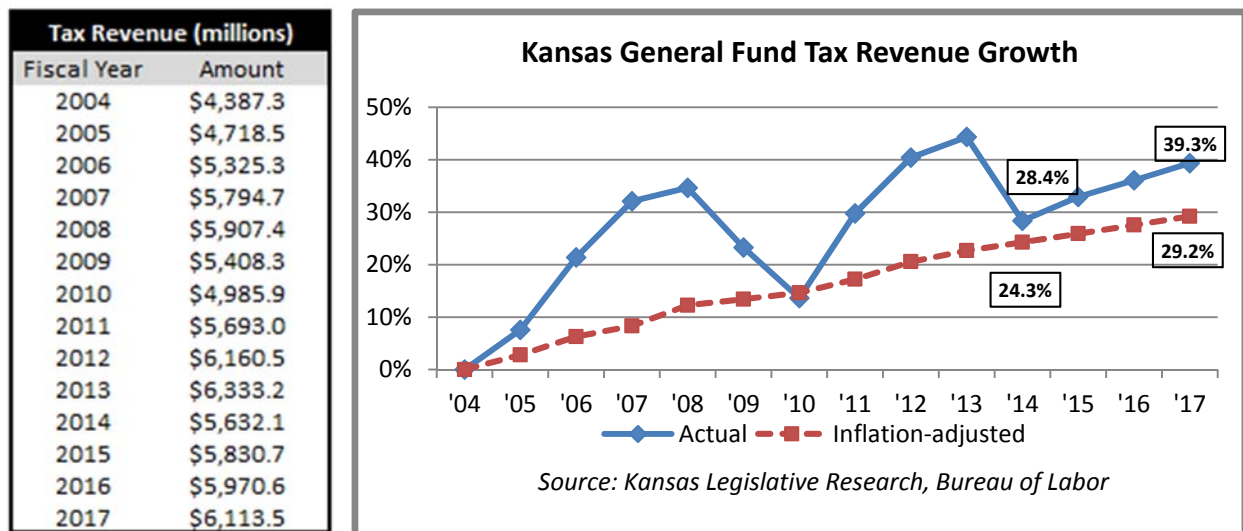


Testimony to Senate Taxation Committee
SB 233 Tax Increases on Alcohol and Tobacco
March 24, 2015
Dave Trabert, President

Chairman Donovan and members of the Committee,

We appreciate this opportunity to testify in opposition to the tax increases on alcohol and tobacco proposed in SB 233. No tax increases are necessary, as Kansas does not have a revenue problem; it has a very large spending problem.

2014 tax revenue was ahead of the ten-year inflation pace; it was 28% higher than in 2004 while inflation was 24%. And the gap is expected to grow wider in the near future; if inflation maintains the current pace, FY 2017 tax revenue will be 39% greater than inflation-adjusted tax revenue from FY 2004 while inflation would be 10 percentage points lower.



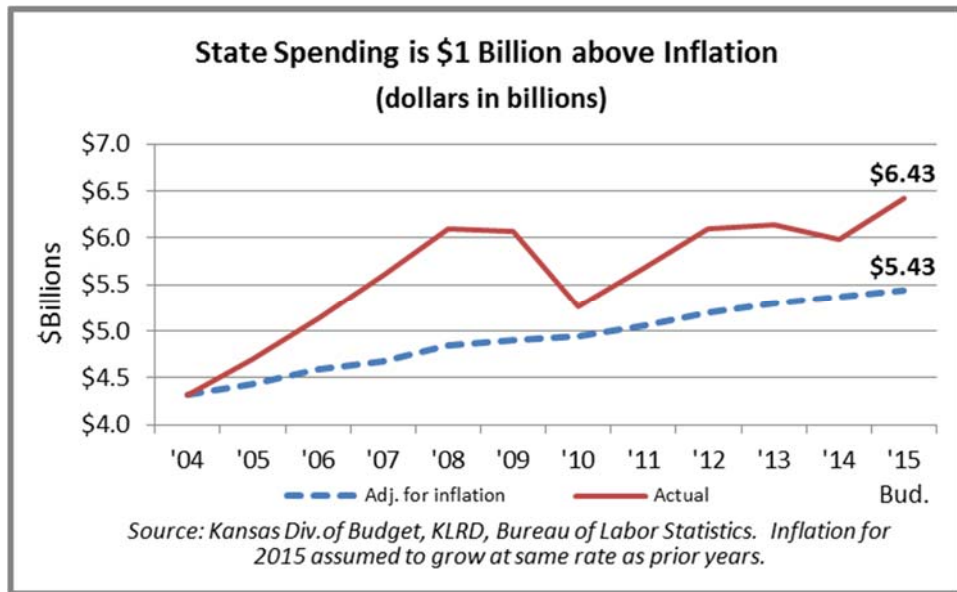
Government is not entitled to share of people's income; it should only tax to the extent necessary to provide services at an efficient price. Unfortunately, the data shows Kansas to be an inefficient and high-spending state.

Every state provides the same basic basket of services, but some states provide those services at a better price – and are therefore able to keep taxes low. In 2012, the states that tax income spent 49% more per-resident than the state without an income tax. Kansas spent 37% more in 2012 and spending has increased by \$300 million since then.

2012 Actual Spending Per-Resident			
State Grouping	Amount	Variance	
No Income Tax	\$2,491		
Income Tax	\$3,702	49%	
Lowest State/Local Tax Burden	\$2,726		
Highest State/Local Tax Burden	\$3,901	43%	
Kansas	\$3,409		

Source: National Association of State Budget Officers, Census. State spending totals exclude federal funds and bond issue proceeds.

Tax revenue is more than keeping with inflation since 2004 but State General Funding spending is growing much faster. In fact, Kansas is spending \$1 billion more than 2004 inflation-adjusted spending.



Instead of unnecessarily raising any tax, we encourage the Legislature to reduce the cost of government and provide the same or better quality of service at a better price.

We oppose the tax increases contained in SB 233 and encourage the Committee to reject it.