



Making public schools great for every child

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Mark Desetti
Senate Committee on Assessment & Taxation
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Mr. Chairman, members of the Committee, thank you for the opportunity to provide testimony as part of your deliberations on Senate Bill 339. I am Mark Desetti and I represent the Kansas National Education Association a professional association for educators from pre-K through post secondary in Kansas.

We have listened with great interest to presentations made before this Committee and others over the past several years on tax "reform" and tax "modernization."

First let me restate some things that we know about taxes in Kansas:

- For many years there has been significant balance in the three legged stool of income, sales, and property taxes. Back in 2000 in fact, there was very nearly perfect balance.
- As a percentage of personal income, the tax burden on Kansans has remained remarkably steady over a long period of years. The tax burden for most Kansans is not significantly different today than it was years ago despite the many changes to the code.
- Many analysts agree that, while lower income people tend to pay more in taxes as a percentage of income, by comparison to most states, the Kansas gap between the poor and the wealthy is relatively small. While not perfectly fair across income groups, our system is more fair than most.
- With the exception of the aftermath of the financial disaster of 2008 – 2010, our system has served the needs of Kansas pretty well. We have historically had excellent schools, a superior system of roads and highways, an effective social service safety net, and solid public safety system. All of these have been stressed in the last few years as we struggle to recover from the financial collapse of 2008.

Our tax advocacy at KNEA – at least under the years that I have been coming before this committee – is simply to advocate for a tax policy that continues the long history of tax sanity that is the hallmark of our system. Simply put, we have come before these committees to urge balance in the three legged stool, equity across income groups, simplicity and stability, support for economic development, and revenue collections that provide for the state's needs in infrastructure, education, public safety, and social services.

Those who have listened to me over the years know that I almost never advocate for or against a tax increase or decrease but instead focus my remarks on dealing with what Secretary Jordan calls "a complicated hodge-podge of dozens upon dozens of taxes, credits, and special interests cobbled together during many decades." Those remarks struck me as remarkably similar to my repeated references to the "willy-nilly approach" to granting sales tax exemptions.

We believe that every plan that has come before you has both good points and bad points.

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Specific to the Governor's plan, we do not believe it is good public policy to eliminate the most progressive part of the three legged stool. To eliminate the income tax is to widen the gap in the tax burden between low income and higher income earners. The working poor in particular should not be asked to shoulder a greater responsibility relative to income for taxes. We oppose initiatives that would shift a greater burden of responsibility upon those who can least afford it.

There is another tax plan in the Senate that is getting some attention – a plan by Senator Kelsey. There are aspects of Senator Kelsey's plan that we also believe would improve tax policy. Much has been said about broadening the base over the years and, when it comes to sales taxes, Senator Kelsey is proposing that you do just that. We testified in favor of KACIR recommendations to rein in sales tax deductions and we believe Senator Kelsey is making the same arguments.

At that time, we suggested that the Legislature should set guidelines for the granting of sales tax exemptions and then repeal all exemptions. Then by applying the guidelines a set of standard exemptions could be passed. It is entirely possible that Legislative guidelines would protect things like Girl Scout Cookies as well as ensuring that if one Rotary Club had an exemption, all Rotary Clubs would also have it. Clear rules would stop the parade of requests that come to this body every year.

Senator Kelsey would also broaden the base by imposing the sales tax on services. Again, clear guidelines could be set under which some services might be deemed worthy of an exception. The bottom line is that by broadening the base through the control of exemptions and the imposition of a tax on services, it would likely be possible to exempt sales tax on groceries or lower the overall rate.

Finally, I don't believe we can look at tax policy in isolation from other initiatives before this legislature.

When I look at the Governor's school finance proposal, what I read into it is a dramatic shift of responsibility for education from the state to the local community. Future increases in school funding even to meet inflation would require continuous hikes in local property tax levies. This will further unbalance the three legged stool making Kansas a state that is over reliant on property taxes. Relief through income tax cuts is offset by large increases in property taxes. And I don't think I need to remind anyone here of the public feelings about property taxes.

With that, we would urge this Committee to consider issues of balance, equity, and sufficiency in all your deliberations.