



February 13, 2017

Testimony in Opposition of SB 175

Chairwoman Tyson and Members of the Committee:

On behalf of Americans for Prosperity activists across Kansas, thank you for this opportunity to voice our opposition to SB 175. Starting the 2017 Legislative session with a tax increase, including a 100% targeted cigarette and liquor tax increases and an sets business filing fees 5 times higher, will send a message to Kansas businesses and wage earners that state spending is a higher priority than job growth.

The tax reforms passed in 2012 gave tax relief to Kansas families, and incentivized small businesses. The results are clear: 2016 saw more Kansans employed than any time in our state's history. The unemployment rate has remained below 4.5% for more than two yearsⁱ. Kansas has been setting records for number of new businesses.

Earlier this month, a Wichita Eagle story titled "Kansas Grows 3.9 Percent in Third Quarter, Beats Country" reported that Kansas ranks 15th in the nation for economic growth for the quarter. The story went on to report that "Kansas has grown faster than the country as a whole in the first three quarters of 2016ⁱⁱ."

The changes to Kansas individual income and small business tax policy contained in SB 175 would not only set the Kansas economy back, but miss the underlying problem in state finances: Long term spending growth.

The Kansas Legislature used the bulk of the 2015 and 2016 Sessions to consider additional sources of revenue to fix a perceived 'budget shortfall', without first seriously considering a budget to reduce overall state spending.

Kansas has added thousands of new businesses, and tens of thousands of new jobs. The 2012 tax reforms are benefitting Kansas businesses, and the Kansas job market. Now is not the time to place a \$820 million tax on the source of Kansas job growth, increase income taxes on wage earners and reverse the progress made by the 2012 tax reform package.

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ⁱBureau of Labor Statistics. January 2017.

ⁱⁱ <http://www.kansas.com/news/business/article130290719.html>