



Chairman Johnson and Members of the Committee,

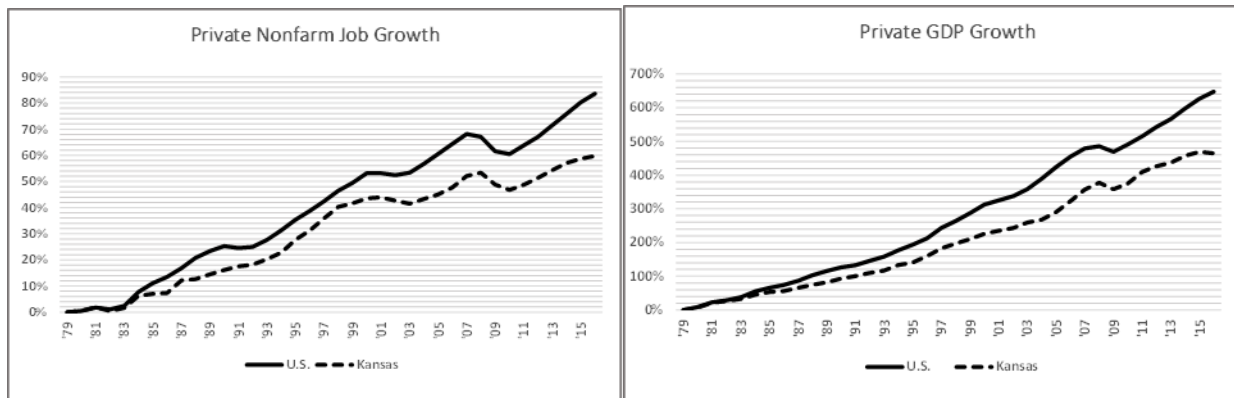
My name is Michael Austin, Director of the Center for Entrepreneurial Government, and I present to this committee opponent testimony to the HB 2134 in its current form.

Tax Expenditures and General Economic Development Policy Needs Oversight

Government economic development policy is like a bad game of Jenga. Policymakers remove a block of taxpayer dollars intended for government services. Eventually they must pay for those tax incentives by raising the tower of tax burdens. The longer the game is played, the easier it is for the entire system to collapse. That means less resources to sufficiently fund core government services. It also makes it harder for families to spend their paychecks freely. HB 2134, regardless of the size of the fiscal note, contributes to the shaky foundation state tax revenues rely upon.

As such, we believe any further consideration of exemptions should be done in conjunction with a complete review of all existing exemptions. That review should result in fewer exemptions and a lower tax rate for all.

HB 2134 will not provide long-term relief for community care organizations that already are exempt from federal income tax. That’s especially important because Kansas has been falling farther behind the nation in private sector job growth and GDP growth.



Had Kansas grown at the national average, the state would have roughly 160,000 more jobs and the economy would have an extra \$29 billion in economic activity. Just think what that would mean for Kansas families. It is better to pursue tax policy that benefits all Kansas businesses and families, not just one firm or industry. It is for these reasons we strongly recommend rejecting HB 2134 for passage.