Kansas National Education Association
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KANSAS NATIONAL EDUCATION ASSOCIATION / 715 SW 10TH AVENUE / TOPEKA, KANSAS 66612-1686

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Written testimony; House Bill 2005
House Taxation Committee
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Mr. Chairman, members of the committee, thank you for the opportunity to present written testimony on House Bill 2005. At this time, the Kansas National Education Association opposes moving forward on this bill. We fully understand the concerns that this bill intends to address, but we believe that the Legislature needs to approach this issue in a more deliberate and thoughtful manner than to work with such urgency.

There are two consequences to the state should you choose to decouple. The first is the loss of revenue to the state. The second is the fiscal impact on the Department of Revenue.

Currently, the Department of Revenue relies on the IRS to flag problems with tax returns. This, in turn, would flag the state return for KDOR. Should the state decouple from the federal code, the KDOR will have to hire additional personnel to handle the level of review and scrutiny necessary to ensure that tax returns are accurate and correct. Decoupling will result in less revenue for the state and a higher cost to the Department.

It has also been noted that there are ways to address the issue without decoupling. Two that have been suggested are to change the Kansas standard deduction or to adjust the brackets. Decoupling from the federal tax code would provide a disproportionate benefit to wealthier Kansans. The alternative of adjusting the standard deduction would benefit more Kansans including lower-earning individuals. We believe that these alternatives should be thoroughly explored.

Finally, we would suggest that rushed tax policy changes without a full exploration of the consequences – both positive and negative – do not always result in positive changes for Kansas. Tax changes adopted quickly in 2012, without thorough vetting and based solely on promises and assertions, turned out to be disastrous for the state. This resulted in dramatic cuts to services and two sales tax increases before being reversed in 2017.

We would urge the committee to take the time to thoroughly explore this issue, develop accurate fiscal notes, and consider alternative options before taking action.

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