



February 13, 2023

To: Representative Adam Smith, Chair
House Committee on Taxation

From: Brenda R. Sharpe, President and CEO
The REACH Healthcare Foundation

Subject: House Bill 2061: Changes to Kansas's Tiered Income Tax Brackets

Dear Chairman Smith and Members of the Committee:

Thank you for the opportunity to provide written testimony on House Bill 2061, which proposes to replace the state's current tiered income tax structure with a flat, 5% for individuals and corporations.

The REACH Foundation's core mission is centered around ensuring people have access to quality, affordable health care and public services so that they can work and take care of themselves and their families – thereby contributing to community well-being and the state's growth.

Elected leaders set budget priorities and make spending decisions in ways that profoundly affect basic state infrastructure and programs that families and communities depend on, and which preserve our quality of life in Kansas. Establishment of a sound and fair tax structure that ensures adequate revenues to support basic state programs and services is fundamental to solid economic growth.

The REACH Foundation opposes HB 2061 because of the financial burden it poses to lower-income households. Flat income taxes are harmful to low- and medium-income families who ultimately pay a greater share of their income than higher-earning households. Flat tax supporters may suggest that flattening the income tax for businesses will draw new enterprises. Studies of migration of workers and businesses pinpoint that employers and workers want to set up residence where there is quality housing, good schools, reliable infrastructure, and economic development efforts that make it easier to draw and retain a talented and ready workforce.

The REACH Foundation has worked for nearly two decades to help strengthen the quality and efficiency of safety net health care and human services organizations so that workers and families can maintain their health and flourish. We believe firmly that based on recent history in Kansas, erosion of state resources will whittle away at the government's ability to support its residents and produce the economic vitality needed.

We urge the Committee to review current research on flat taxes and revisit the impact of reduced revenue on previous Kansas budgets in place of adopting this particular proposal.

Sincerely,

Brenda R. Sharpe, President and CEO

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