



April 29, 2010

An Open Letter to the Kansas State Legislature: Oppose Tax Hikes to Plug Budget Gap!

Dear Legislator:

On behalf of our thousands of members throughout Kansas, we urge you to oppose any tax hikes in the Fiscal Year 2011 budget and instead follow the lead of the House Appropriations Committee by pursuing spending restraint to solve the state's budget deficit. While millions of Kansas families and businesses struggle to make ends meet, their state government has racked up a budget deficit of \$510 million. Rather than rely on punitive tax hikes in the state income tax, the sales tax, and the excise tax on cigarettes, legislators should trim back spending to alleviate this fiscal burden.

While some insist that rolling back expenditures would devastate vital services, a \$510 million reduction would leave the state with roughly the same amount of money to spend as it had in 2006. Surely no one would argue that Kansas was drastically worse off that year, especially considering that the unemployment rate was a full two percentage points lower that year than it is today. Carefully taking a scalpel to the budget to return it to a condition seen just a few years ago will not cripple the state; rather, it will be restored to fiscal health without bleeding taxpayers for more money.

There are several problems with the proposed tax increases. Raising the state's income tax by 12 percent on those making \$200,000 or more per year would penalize small business owners and professionals, creating a powerful incentive for them to leave the state altogether. A University of Kansas study shows that boosting the sales tax by even one percentage point would cost the state 26,000 jobs and reduce personal income by \$2 billion. Based on past experiences across the country, claims that such a rate would be "temporary" are far from solid. The 55-cent-per-pack tax on cigarettes represents a 70 percent jump. Moreover, the sales and excise tax hikes would put Kansas at a competitive disadvantage in cross-border shopping because most of the state's neighbors would have lower rates.

Tax hikes would only add to the pain of everyday Kansans, who have already had to ease up on their expenses in these lean times. It is time for state government to do the same, and the House Appropriations Committee has amply demonstrated how such a goal can be achieved. Therefore, we urge you to reject any tax hikes in the Fiscal Year 2011 budget as a way to reduce the deficit.

Sincerely,

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