


FISCAL FOCUS

Budget and Tax Policy in  Perspective

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House Taxation Committee
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WRITTEN TESTIMONY ONLY - HB 2070
- Proposed Amendment -

Thank you, Chairman Carlson and members of the committee for this opportunity to submit written testimony in favor of HB 2070.

KAC is a not-for-profit child advocacy organization that has been in existence since 1979. We work to promote policies that improve child well-being in the areas of health, education and family economic success. Several years ago KAC developed Fiscal Focus as part of this work to improve the economic security of Kansas children and their families, and ensure a balanced and fair tax system and budget process that promotes both the well-being of children and families and provides a stable system of state revenues.

We support HB 2070 and the elimination of the Community Services Tax Credit as an acknowledgement of the extremely difficult fiscal situation in our state. In order to pass a balanced budget for fiscal year 2009 and 2010 state expenditures must be cut or revenues must be found to meet spending needs. However, we would ask the committee to amend the bill to keep the structure of the Community Services Tax Credit in place and accomplish the same savings by simply not funding the credit for the amount of time that the Committee finds necessary.

The budget shortfall that we face is not entirely a function of a struggling economy. We know that our state's current tax structure is no longer keeping pace with public infrastructure costs. Although major components of the Kansas tax structure have been in place for quite some time, the strength of our tax policy has eroded little by little through legislative action each year. In the past four years alone, tax cuts including the elimination of the estate tax and the franchise tax have resulted in a State General Fund revenue reduction of almost \$150 million in this fiscal year alone. This cut in the tax base grows to \$180 million dollars in fiscal year 2010.

At the heart of this process is an analysis of the priorities of our state. In this year of extremely difficult decisions, we believe that adequate funding for education, healthcare and other important programs for children and families is more important to the people of Kansas than tax cuts. The resources we dedicate to our next generation this Session will determine whether Kansas has a short-term economic problem or a long-term crisis.

While we would not normally support the repeal of the Community Services Tax Credit, we find ourselves supporting HB 2070 in this very difficult year. We ask that you support the revenue proposals in the Governor's budget as a way of protecting against further cuts to important programs for children and families.