

FISCAL FOCUS

Budget and Tax Policy in  Perspective

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Senate Bill 100
Senate Committee on Assessment and Taxation
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Good morning, Chairman Donovan and members of the Committee. On behalf of Kansas Action for Children (KAC) I would like to thank you for this opportunity to testify in opposition to SB 100.

KAC is a not-for-profit child advocacy organization that has been in existence since 1979. KAC promotes policies that aid family economic stability because instability creates stress and the potential for harm to children through less consistent medical care, fewer opportunities for early learning and the potential for lower performance in school.

Our opposition to Senate Bill 100 is not specific to guided and non-guided hunting services, but is instead a reflection of our general concern about the erosion of the sales tax base. The sales tax is a key source of revenue to the State General Fund (SGF), which is in turn a key source of funding for state government and for programs and services vital to children and families. The number of sales tax exemptions in Kansas has more than doubled in the past 15 years, resulting in a significant reduction in possible SGF revenues.

In fact, the budget shortfall that we face in Kansas 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 and the passage of several sales tax exemptions has 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.

In light of the very serious budget gap that we face in Kansas this year and because further erosion of the sales tax base would only contribute to structural problems with the Kansas tax system, we urge your opposition of SB 100.