



Oral neutral testimony on HB 2061, providing an income tax rate of 5% for individuals and corporations, decreasing the surtax for entities subject to the privilege tax and providing that future income tax rate decreases be contingent on exceeding revenue estimates.

Before the House Tax Committee

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Chair, Members of the Committee:

KASB generally stays neutral on tax proposals that do not directly affect K-12 funding, so we are providing neutral testimony on HB 2061. But we have many concerns about this bill because we feel it could have an indirect, negative impact on the future of the school finance plan approved by the Legislature, Governor and Kansas Supreme Court that aims to provide suitable school finance including the approved inflationary adjustments.

HB 2061 proposes a major shift in our tax structure in a way that would benefit the wealthy much more than the poor and middle class.

A particular concern is the part of the bill that would bake in future tax decreases based on tax receipts as compared with the latest revenue estimates. This seems a little bit like building your house on the sand, given how we have witnessed in recent years extreme variations between estimates and receipts caused by unforeseen economic downturns or previous bad tax changes. It would also tie the hands of future legislatures during emergencies.

In addition, in the future, schools and other public services will need increased funding to compensate for rising costs and the ability for districts to pay suitable wages to recruit and retain highly qualified staff to promote student success. The saying “don’t eat your seed corn” comes to mind when considering this part of the bill.

Kansas Association of School Boards

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Our Kansas school leaders are extremely appreciative of the funding increases from the Gannon settlement. We believe the funding has helped produce impressive results for Kansas students. Kansas public schools are seeing record high school graduation among all demographic groups of students. More students than ever before are getting career and tech training, dual course credits and enjoying postsecondary success. This year, Kansas was one of only six states in which ACT scores held steady.

This has all been accomplished amid inadequate funding, implementation of the Kansans Can school redesign vision, and during the pandemic, which has been called the worst education disruption in 100 years. Our teachers and local school leaders deserve a huge shout out for all they have done. We have also seen the announcements of major business investments in our state, and having a skilled Kansas workforce has been a factor in these decisions. We would hate to see the Legislature enact tax policy that would drain needed investments in education and stall our progress in these areas.

Thank you.

KASB is a non-profit service organization built on an abiding belief in Kansas public schools. We have put the needs of students and K-12 leaders first since 1917.