



KANSAS NATIONAL EDUCATION ASSOCIATION / 715 SW 10TH AVENUE / TOPEKA, KANSAS 66612-1686

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Oral Testimony – Opponent
House Taxation Committee
House Bill 2061
February 14, 2023

Chairperson Smith, members of the Committee, thank you for the opportunity to submit testimony in opposition to HB 2061.

KNEA believes that changes in tax policy should not only consider the impact on the average Kansas citizen but also the overall impact of the Kansas budget.

KNEA opposes any tax policy that would impact the stability of the state budget and/or prevent the constitutional funding of Kansas schools. We also oppose the creation of an imbalanced tax structure that unfairly burdens low-income Kansans.

Based on this, KNEA opposes this legislation on two grounds.

- Fairness
- Feasibility

Fairness

House Bill 2061 essentially creates a flat tax system for both corporations and individuals. In short, flat income tax proposals are regressive in nature and create a higher burden on the wage earner at the lower end of the spectrum. In the case of HB 2061, an educator, or other wage earner, that has a minimum taxable income of \$15,001 would be subject to the same tax rate of a millionaire. This alone is unfair and is enough to oppose the bill.

Additionally, HB 2061 removes the 3% state surtax on corporations making over \$50,000 yearly. HB 2061 also cuts state surtax rates on banking and financial institutions by over 50%. These are just more examples of a lack of fairness to the average Kansas family.

One typical scenario that shows the irony and unfairness of this type of proposal is that educators, parents, and students, spend hundreds of thousands of Kansas dollars every year in preparation for the school year only to know that the yearly windfall that the wealthy corporations receive from this rush for supplies is taxed at the same level as the hard-earned wages of the consumers.

The regressive nature of this tax policy coupled with the lack of corporations paying their fair share is grounds to oppose this legislation on fairness alone.

Feasibility

If fairness, or the lack there of, isn't enough to oppose HB 2061, maybe feasibility is.

The fiscal impact of HB 2061 is tremendous.

In addition to a fully funded public education system, KNEA recognizes the importance of public safety needs, a healthy infrastructure system, and a strong social safety net.

Because of this, KNEA has consistently advocated for proposals that foster financial stability by adhering to responsible tax policy. We believe that the overreaching theme that should govern Kansas tax policy is a balance between income taxes, property taxes, and sales taxes. This has often been called the three-legged stool.

HB 2061 would negatively impact that three-legged stool causing either a tax shift or dramatic cuts in programs.

If education, infrastructure, public safety, and social services are to remain intact without cuts, which revenue source will see the shift upon passage of HB 2061?

If education, infrastructure, public safety, and social services are to remain intact without a tax-shift, what programs will be cut, or even eliminated, upon passage of HB 2061?

And if revenue surpluses alone are the genesis for such a change in tax policy, what happens when the surpluses shrink or become non-existent?

In closing, this all seems too familiar. Kansas tried similar tax strategies in the recent past that left the fiscal health of the state in a state of chaos and uncertainty. Let's not go through this pain again. Please do not pass HB 2061.

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