

**SB 377 Opponent Testimony – Written Only**  
**Senate Committee on Assessment and Taxation**  
**Property tax relief, Increasing Child Tax Credit, Increasing Standard Deduction, Sales Tax Holiday, Sales Tax Exemptions, Reducing Sales Tax on Food**  
**Michael Austin – Legislative Director, Americans for Prosperity Kansas**  
**January 31, 2024**



Chair Tyson and Members of the Committee,

We appreciate this opportunity to submit written opponent testimony for SB 377, increases the extent of property tax exemption for residential property from the statewide school levy, decrease the normal rate of privilege tax, increases the household and dependent care expenses income tax credit amount, exempts all social security benefits from Kansas income tax, increases the Kansas standard deduction, provides for an annual sales tax holiday for certain sales of school supplies, computers and clothing, provides sales tax exemptions for children's diapers and feminine hygiene products and reduces the state rate of tax on sales of food and food ingredients to 0% on April 1, 2024.:

1. SB 377 broadly reduces property taxes
2. SB 377 excessively expands the wasteful tendency of government picking winners and losers
3. SB 377 many targeting provisions does not create an environment for robust economic growth

**SB 377 broadly reduces property taxes**

SB 377 increases the exemption of appraised property valuations to 100,000. This will result in every owner-occupied residential property seeing a roughly \$133 property tax cut. Any effort to broadly lower tax burdens is a particular effort that should be supported.

**SB 377 excessively expands tax carveouts, increasing revenue volatility and promoting a precedent that government picks winners and losers**

For tax bills to be considered optimal or near-optimal tax policy, a good rule of thumb is whether it broadens the tax base and lowers the rate. The reason such a rule is considered is because it decreases volatility of tax revenues to government while keeping tax rates constant, and, hopefully, low on a personal level.

SB 377 does neither as it expands a substantial number of carveouts. From increasing the child and dependent care credit, to sales tax exemptions on diapers, feminine hygiene products, to an entire sales tax holiday. These carveouts will encourage high income tax and sales tax rates in an effort to keep collections constant.

Moreover, SB 377 starts a precedent that will take on a life of its own. That precedent is for government to leave it's role as a referee and become more as an institution to compete and win favor of. SB 377 encourages government to pick winners and losers and directs business efforts to not compete for the customer, but to engage in non-productive activity such as lobbying the government for a favor at the expense of the customer.

**SB 377 many targeting provisions does not create an environment for robust economic growth**

Government can spur economic growth if it allows the broader economy to compete and operate with as little interference as possible. SB 377, with its many targeted provisions, is not a broad based reform that can lead to robust economic growth. Moreover, Kansas's history of targeted tax relief proves this point, as Kansas continues to lag behind the national average when it comes to economic activity.

Income taxes are the most economically destructive tax, and is on par with property taxes in terms of magnitude. Including a broad based reduction of income taxes would make great progress in growing the state economy towards its economic potential.

For these reasons, we urge the committee to pass SB 377 with a broad income tax reduction.