

PRESS RELEASE
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Kansas must revisit income tax cuts

Unprecedented budget crisis endangers education at all levels and all basic government functions

Topeka, Kan. – Kansas Economic Progress Council (KEPC) Executive Director Bernie Koch called on the legislature and governor to revisit the 2012 and 2013 Kansas income tax cuts as they wrestle with the state’s growing budget crisis. Building a working budget will be difficult – if not impossible – without restored revenue.

“It is evident that the 2012 and 2013 Kansas income tax changes went too far and will continue to result in severe cuts that impact the ability of government at the state and local levels to provide very basic services,” said Koch. “Stability and viability of public services are necessary to the functioning of the economy and society.”

With the Governor’s allotments and suggested reductions, the Fiscal Year 2016 shortfall becomes 10.2 percent of the Kansas general fund budget. Koch noted that if the recent *Gannon* school finance ruling is upheld, the FY 2016 shortfall could grow to between \$1.196 and \$1.419 billion, representing between 18.8 and 22.3 percent of the state general fund.

Such a large shortfall cannot be handled with budget reductions alone. At risk are K-12 education, higher education, transportation, services provided by local government, and other important basic government functions.

KEPC supports restoring a more balanced tax structure that will once again provide the services Kansas citizens need.

The Kansas Economic Progress Council pointed out last March that the governor’s own standards to measure economic success show the state’s income tax cuts are not growing the economy.

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“In fact, it appears the standards established to judge the effectiveness of the policies are no longer being publicly benchmarked,” said Koch. “At one time the ‘*Indicators of the Kansas Economy*’ of the Governor’s Council of Economic Advisors were updated every three to four months. It appears they have not been publicly updated since March of 2014.”

At the time the standards were adopted, Governor Brownback stated the standards would be used “... to monitor in a timely manner if our policies and initiatives are having the desired economic effect.”

Koch said, “Facing this severely brutal budget crisis while clinging to income tax cuts that have little positive impact is imprudent.”

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The Kansas Economic Progress Council is a statewide business organization whose members include businesses, local chambers of commerce, trade organizations, and individuals. KEPC is a 501(c) (4) not-for-profit organization. The purpose of KEPC is to provide information, research and education on statewide issues that affect the economy of the State of Kansas as well as the quality of life of its citizens.

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