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Income tax bill will ultimately be good for the economy

The Kansas Legislature's veto override means spending can improve on government services that aid economic growth

Topeka, Kan. – The Kansas Economic Progress Council (KEPC) welcomes passage of Senate Bill 30 by the House and Senate veto override Tuesday night. KEPC opposed the 2012 income tax cuts and has worked to reverse them for the past five years.

KEPC issued the following statement from Executive Director Bernie Koch:

“Low taxes can be an important element in attracting and growing some businesses. However, serious economic studies indicate other factors to be as important, if not more important. Those include government investment in infrastructure, education, reliable legal systems, and support for business innovation and improvement. All of these economic ingredients have been damaged in our state by the 2012 Kansas income tax cuts.

“Even with passage of Senate Bill 30, it will take years of work to recover. The transportation program, T-WORKS, has been reduced to basic preservation which many believe to be inadequate for simple maintenance of our roads and bridges. Transportation access is a vital factor in business location. Billions in transfers from the highway fund need to be reversed and the fund shored up.

“School finance is still a work in progress as we await the court’s verdict on a new formula, but cuts to higher education are particularly troubling. A high level of education has been shown to

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be the strongest predictor of economic growth, yet enrollment in Kansas public higher education institutions was one percent lower this school year as state funding was reduced and yearly tuition hikes increasingly put post-secondary education out of reach for many families.

“Funding cuts have impacted reliable legal systems. Effective law enforcement has suffered. There’s a shortage of highway patrol officers and tremendous turnover rates of uniformed correctional officers at our prisons.

“Senate Bill 30 is not a magic bullet that will turn things around immediately, and returning the state income tax to business pass-through entities will be painful for many, but it’s a very good beginning to reversing our direction, rebuilding our state’s finances, and providing the necessary government services which are an important basis for the economy to succeed.”

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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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