



**Written Testimony before the Senate Ways & Means Committee
SCR 1611 – Establishing a Contingency Reserve Fund
Submitted by J. Kent Eckles, Vice President of Government Affairs**

Tuesday, February 7th, 2012

The Kansas Chamber of Commerce appreciates the opportunity to present testimony in opposition to SCR 1611, which would establish a constitutional contingency reserve fund.

The Kansas Chamber has supported “rainy day fund” legislation in the past because we think it’s wise to have a third option when the State experiences an economic downturn as opposed to only two – spending cuts or tax increases.

However, if the legislature could merely control its urge to spend and simply adhere to the law and maintain an ending balance of 7.5%, the need for a contingency reserve fund is redundant and unnecessary.

We oppose this measure because it competes directly with - and in our estimation is designed to - prevent tax reduction measures currently making their way through the legislature. As you may be aware, there are current tax reform bills we support that require an ending balance of 7.5% in order to trigger individual and corporate income tax reductions when growth in state receipts exceeds 2%. We strongly believe the gradual phase out of income taxes based on growth will help the economy. Setting aside growth revenues for more state spending in economic downturns will not. It’s a matter of priorities – either help the private sector grow by reducing their tax burden or help state government sustain spending in economic downturns. The latter will do nothing to help private sector job growth, the former most certainly will.

We urge the Committee to not pass SCR 1611.

The Kansas Chamber, with headquarters in Topeka, Kansas, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to live and work. The Chamber represents small, medium, and large employers all across Kansas. Please contact me directly if you have any questions regarding this testimony.



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