



February 7, 2017

To: Representative Steven Johnson, Chair
Members of the House Taxation Committee

From: Brenda R. Sharpe, President and CEO
REACH Healthcare Foundation

Subject: House Bill 2237 Concerning Taxation

Dear Members of the House Taxation Committee, thank you for holding a hearing on this issue and for your service to Kansas.

I am the president and CEO of the REACH Healthcare Foundation, a philanthropy that provides grants and other resources to increase access to health coverage and strengthen the quality of health care for uninsured and medically underserved people. Established through a hospital system conversion, the REACH Foundation has invested more than \$50 million over the past decade in public health and safety net health care systems, as well as many human service organizations working to help Kansans end the cycle of poverty.

The primary focus of our philanthropy is ensuring that Kansans have access to quality, affordable health services and coverage so that they can work and take care of themselves and their families – and thereby contribute to community well-being. An essential part of this equation is the availability of stable and reliable public health and safety net health care systems.

Elected leaders set budget priorities and make spending decisions in ways that profoundly affect the core services that families and communities depend on and that contribute to a high quality of life in Kansas. Unfortunately, because of the state's ongoing financial instability, we are seeing a fraying of the safety net that provides assistance to people when they need help. Fortunately, more of our elected leaders at the state and local level, and regular people who live in large and small communities around the state have come to understand the immense strain that our state's current tax policies have placed on basic state programs and services that contribute to economic growth.

As a life-long Kansan who grew up in western Kansas, I understand that Kansans value efficient state government. However, the current tax policy has eroded our state's resources and ability to fulfill its basic responsibilities. The policies encompassed in the tax reform plan – the "March to Zero" – has affected health care, children's and seniors services, education, higher education, roads and investments in infrastructure. The state's unfair tax policies have placed a higher burden on those who are low-income. Decisions such as the state's unwillingness to draw down federal dollars to expand Medicaid and inadequate support for mental health care, along with instituting the second-highest food sales tax rate in the nation at 6.5%, have resulted in more families finding themselves facing tremendous uncertainty, mounting debt, and a cycle of poverty with little relief in sight.

Our foundation has worked with safety net health care and human services organizations in Kansas to help them increase the quality and efficiency of their services and to diversify their funding streams to better weather the state budget cuts to community health and mental health centers. While lawmakers can continue to discuss and explore efficiencies, at some point it becomes necessary to acknowledge that the erosion of state resources is whittling away at our government's ability to support its residents. The resource gap now goes far beyond what philanthropy and charity can provide.

We urge you to carefully study the reform options before you, including closing the LLC Loophole, establishing a more fairly designed individual income tax bracket system, reducing or eliminating sales tax on food, and exploring other revenue streams to create a tax system that preserves the quality of life Kansans deserve and expect.

The REACH Foundation and other nonprofit and philanthropic entities stand ready to assist as you take the necessary steps to restore balance to our tax policies so that Kansans and our communities can thrive.

A handwritten signature in cursive script that reads "Brenda R. Sharpe".

Brenda R. Sharpe
President and CEO
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