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Partners in America's Poverty Fighting Network

**Senate Committee on Assessment and Taxation
Testimony on SB 188**

Scott Anglemyer, Executive Director, Kansas Association of Community Action Programs

Madam Chair and Members of the Committee:

Thank you for the opportunity to testify in support of SB 188. My name is Scott Anglemyer, and I am executive director of the Kansas Association of Community Action Programs (KACAP). KACAP is the membership association for Community Action Agencies in Kansas that are working to create economic opportunity and end poverty in their communities. Our member agencies work to better focus local, state, private, and federal resources to assist low-income individuals and families become more self-sufficient. Together, our agencies provide services to over 14,000 low-income Kansans each year.

We support SB 188 because it begins to reverse tax policy changes that disproportionately fell on the backs of low-income Kansans. The changes enacted in 2012 eliminated the top income tax bracket, created the so-called "LLC loophole," set in motion a process of further income tax reductions, and eliminated a number of deductions that low-income taxpayers relied upon. These changes were popularly characterized as tax cuts, but in reality amounted to a tax shift. That package drastically reduced the share of the state's revenue coming from income tax, and in fact necessitated subsequent sales tax increases to meet the budget shortfalls it created. The cumulative effect has been to upend the "three-legged stool" of revenue sources, as economists generally describe sound tax policy.

The tax shift was not just a shift in revenue sources, but a shift in tax burden from richer households to poorer ones. While the top 60% of taxpayers did see income taxes lowered (with the highest incomes seeing dramatic drops in taxes), the poorest 40% of households—those earning less than \$42,000 per year—saw their taxes increase. In fact, according to data from the Institute for Taxation and Economic Policy, the poorest 20% of households ended up with the biggest increase in taxes as a result of this plan, not just in share of income, but in actual dollar amounts paid.

SB 188 eliminates those provisions that shifted the burden away from income taxes and onto low-income Kansans. The bill makes the kind of structural reform that is necessary to provide a long-term solution to the state's budget problems. Just as importantly, it gives thousands of Kansas families an important additional boost as they work to become more self-sufficient, making Kansas tax policy more equitable.

KACAP Member Agencies and Board of Directors

Community Action, Inc.
East Central Kansas Economic Opportunity Corporation
Economic Opportunity Foundation
Harvest America Corporation

Mid-Kansas Community Action Program
Northeast Kansas Community Action Program
Southeast Kansas Community Action Program
Wichita Sedgwick County Community Action Partnership