

**KANSAS
ASSOCIATION**



**OF
SCHOOL
BOARDS**



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Testimony before the
House Committee on Taxation
on
HB 2287 – Sales Tax Holiday for School Supplies, Computers and Clothing

by
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January 25, 2012

Mr. Chairman, Members of the Committee,

Thank you for the opportunity to present testimony on **HB 2287** on behalf of the Kansas Association of School Boards. This bill would expand the state's sales tax exemptions to include a four day sales tax holiday for school supplies in early August. The estimated fiscal note to the state is approximately \$6 million in FY 2013, which would drop in FY 2014 if the state sales tax rate is reduced as scheduled.

KASB appears as an opponent to this bill as we have done on similar legislation in the past, for the following reasons.

First, our members have expressed serious concern about continuing to add sales tax exemptions. We have supported the concept of broadening the tax base and lowering rates. We are particularly concerned about adding sales tax exemptions if the state policy is to reduce or eliminate the income tax, which will place even more reliance on sales and property tax revenues to fund essential services, including education. We should not be further eroding those tax bases.

Second, we believe there are higher priorities for the revenues that would be lost to the state under this approach. School district general fund budgets are \$278 million, or 8.6 percent below the 2008-09 level. The consumer price index has increased 7 percent since 2009. Local option budgets have increased over \$75 million since 2009 as districts have attempted to replace reductions in state funding. However, many districts have been capped at the maximum LOB authority over that period of time. Many districts have also increased student fees to offset those reductions.

If the state has \$6 million available for this bill, there are several options that would have a direct impact on educational outcomes. For example, the Legislature could restore a large portion of the teacher professional development program to help improve teaching effectiveness, or fully-fund the teacher mentoring program, or restore reimbursement for district payments for national board certified teachers. It could restore projected cuts in the parent education program and pre-school programs for at-risk

students, which the Governor has proposed to reduce to due to shortfalls in the Children's Initiative Fund. It could raise special education funding closer to the 92 percent commitment contained in statute.

All of these programs would have a direct impact on educational services to children and families. We would note both the Governor and House leadership have suggested converting income tax credits to direct services. Here is a chance to improve service funding before creating a new tax exemption.

Third, we have reviewed the list of 17 states which had a sales tax holiday in 2011, according to the National Federation of State Tax Administrators. We compared that list to a ranking of states on the average of 11 measures of educational achievement, provided on the following page. We note that 11 of the 17 states rank in the bottom third of educational attainment, and/or in spending per pupil based on the most recent national information. Only two of the six states with a higher educational ranking than Kansas have a sales tax holiday.

Thank you for your consideration.

Eleven Score Rank	State	Current Spending Per Pupil 2009	Rank in Spending Per Pupil
1	Massachusetts	\$14,118	7
2	Vermont	\$15,175	4
3	New Hampshire	\$11,932	14
4	Minnesota	\$11,098	15
5	Connecticut	\$14,531	6
6	New Jersey	\$16,271	2
7	Kansas	\$9,951	26
8	North Dakota	\$10,151	23
9	South Dakota	\$8,507	43
10	Nebraska	\$10,045	25
11	Colorado	\$8,718	39
12	Maryland	\$13,449	9
13	Montana	\$10,059	24
14	Wisconsin	\$11,078	16
15	Iowa	\$9,707	28
16	Illinois	\$10,835	18
17	Virginia	\$10,930	17
18	Wyoming	\$14,573	5
19	Pennsylvania	\$12,512	10
20	Maine	\$12,304	12
21	New York	\$18,126	1
22	Ohio	\$10,560	19
23	Utah	\$6,356	50
24	Missouri	\$9,529	32
25	Washington	\$9,550	31
26	Oregon	\$9,805	27
27	Idaho	\$7,092	49
28	Rhode Island	\$13,707	8
29	Delaware	\$12,257	13
29	Michigan	\$10,483	21
31	Hawaii	\$12,399	11
32	Indiana	\$9,369	34
33	Alaska	\$15,552	3
34	Tennessee	\$7,897	46
35	Kentucky	\$8,756	38
36	North Carolina	\$8,587	41
37	Florida	\$8,760	37
38	Oklahoma	\$7,885	45
39	Georgia	\$9,650	30
40	California	\$9,657	29
41	Texas	\$8,540	42
42	Arkansas	\$8,712	40
43	West Virginia	\$10,367	22
44	South Carolina	\$9,277	35
45	Arizona	\$7,813	48
46	New Mexico	\$9,439	33
47	Alabama	\$8,870	36
48	Louisiana	\$10,533	22
49	Nevada	\$8,422	44
50	Mississippi	\$8,075	47