



**Testimony to the House Committee on Taxation
Provided by the League of Women Voters of Kansas
March 15, 2012**

In opposition of House Bill No. 2763

The League of Women Voters of Kansas is a grassroots, non-partisan, non-profit, all volunteer organization in existence for more than 90 years. Our mission is to encourage the active participation of citizens in state and local government. The League never takes a position on an issue until it has been studied by members and a consensus established within the membership of the whole. We study public policy issues and we adopt positions based on member consensus. Then we educate and we act.

State Finance has been of continuing interest and study since 1936 with seven modifications since then, all emphasizing a fair mix of taxes including income tax, sales tax, and property tax. The current statement of position on State Finance is that *the League of Women Voters of Kansas supports a broad-based state tax system that has diverse sources of revenue and that is equitable, provides adequate revenue, and is effectively and economically administered.*

Equitable means that the ability to pay should be the primary basis for distributing the tax burden. Adequacy is included in the standards to ensure stable revenues are provided by the tax system in order to finance the services required not only during stable economic times, but also in time of recession, inflation and unemployment. The League believes that diverse sources of revenue are desirable to broaden the tax base and assure widespread sharing of the costs of government.

The League asks that the Legislature and this Committee rely more on progressive income taxes as a source of revenue. There should be a sufficient number of tax brackets to adequately reflect a person's ability to pay their fair share of the tax. Tax brackets and personal exemptions should be adjusted as needed to reflect the changes in economic conditions.

The League accepts the necessity of the existing sales tax as a portion of a broad-based tax system, but its regressive nature should be relieved by the exemption of food and drugs from the tax base or through provision of income credits including rebates for those who have no income tax liability.

House Bill 2763 eliminates both income taxes and sales taxes and imposes a consumption tax on all personal goods and services reported to be at the rate of 5.7% in their place. The League of Women Voters of Kansas views this consumption tax as a regressive tax similar to the existing sales tax; and therefore, we are very concerned about the impact House Bill 2763 will have on the State of Kansas:

- A dramatic decrease in state revenue needed for basic necessities such highways and quality schools with no guarantee of increased jobs as promised under the philosophy of the economist, Arthur Laffer,
- An increase in property taxes to provide the revenue lost by elimination of income taxes, and
- A highly regressive tax policy where the burden of taxes will fall even harder on low income families who must spend a greater share of their income on purchased items of necessity – enough food to feed their families and themselves, housing to provide a roof over their heads, gas for transportation to work, to school, to stores, medicine, and school supplies for their children.

For these reasons, we, the League of Women Voters of Kansas, urge you to oppose House Bill 2763.