



House Committee on Appropriations
Support of House Bills 2429 and 2430- *Balanced budget option*
Presented by Eric Stafford, Vice President of Government Affairs

Thursday, June 1, 2017

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to testify in support of House Bills 2429 and 2430 which were introduced as part of the Balanced Budget Solution last week.

We would like to thank the Senators and Representatives who put forward this proposal as an option showing taxpayers the budget can be balanced without tax increases. Just yesterday, we released results from a survey of 400 registered voters in Kansas conducted by the polling firm Cole Hargrave Snodgrass and Associates. Results show the strong preference of Kansans would be for the legislature to implement spending cuts over raising taxes. Below are the questions from the survey:

- Thinking about the Kansas state budget shortfall, which approach do you think the state government should take? Do you think they should:
 - 27% Raise taxes
 - 57% Reduce spending
 - 17% Undecided
- Do you favor or oppose raising taxes on the middle class?
 - 5% Strongly favor
 - 12% Somewhat favor
 - 17% Somewhat oppose
 - 60% Strongly oppose
 - 6% Undecided
- Do you favor or oppose raising taxes on small businesses?
 - 12% Strongly favor
 - 12% Somewhat favor
 - 18% Somewhat oppose
 - 49% Strongly oppose
- It has been proposed that Kansas increase its highest income tax bracket from 4.6% to 5.7% and include all households with annual incomes in excess of \$60,000 a year in this tax bracket. Do you favor or oppose this change?
 - 21% Strongly favor
 - 18% Somewhat favor
 - 12% Somewhat oppose
 - 41% Strongly oppose
 - 7% Undecided



The Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium and large employers all across Kansas.

- (Split sample with the previous question) It has been proposed that Kansas increase its highest income tax bracket by 24% and include all households with annual incomes in excess of \$60,000 a year in this tax bracket. Do you favor or oppose this change?
 - 14% Strongly favor
 - 13% Somewhat favor
 - 19% Somewhat oppose
 - 48% Strongly oppose
 - 5% Undecided
- It has been proposed that Kansas institute a \$2.25 per month utility fee on each utility in a home. For homes with gas, water, and electric, this would be \$7.75 a month to help raise \$150 million for a school finance plan. Do you favor or oppose this new utility fee on Kansas residents?
 - 22% Strongly favor
 - 17% Somewhat favor
 - 9% Somewhat oppose
 - 49% Strongly oppose
 - 4% Undecided
- Do you agree or disagree with the following statement: At the very least, the state legislature should cut spending by one dollar for every dollar they raise in new taxes.
 - 41% Strongly agree
 - 22% Somewhat agree
 - 10% Somewhat disagree
 - 16% Strongly disagree
 - 11% Undecided

As you see from the results, those surveyed would like to see the legislature address the deficit through spending reductions or efficiencies rather than increased taxes, especially taxes on the middle class (77% oppose) and small businesses (67% oppose).

Results from our survey are not out of line with others recently conducted. Only 25% of respondents from the spring 2017 Kansas Speaks survey from Fort Hays State University support higher taxes to balance the state budget. 41% in that survey support spending cuts while 34% support a combination of spending cuts and tax increases. In our survey, 63% support at the very least dollar for dollar reductions in spending for tax increases.

Ultimately we are here expressing our support for options to avoid tax increases. This option is the one that has been brought forward as we head into June. I will close by asking that this legislature really consider the economic impact of a \$600 million tax increase on Kansas taxpayers and small businesses. Thank you for the opportunity to testify in support of House Bills 2429 and 2430, and I am happy to answer questions at the appropriate time.