

SPEA V560 Public Finance and Budgeting
Course Paper

The Kansas Tax Reform “Experiment”
By Samantha Harms

I. Background information

This analysis focuses on, as former Governor Sam Brownback dubbed it, the “real live experiment” of the Kansas tax reforms and its impact on social services provided by the state government. (Rothschild, Scott)

In 2012, Kansas lawmakers enacted a tax cut that eliminated state income taxation of pass-through entities entirely (pass-through entities are sole proprietorships, farms, partnerships, Subchapter S corporations, and limited liability companies). Legislators also enacted the reduction of three income tax brackets to two and the reduction of the top rate from 6.45 percent to 4.9 percent. Additionally, the new cuts included “automatically dedicated all future revenue growth over 2 percent annually to additional cuts in personal and corporate income taxes until both were eliminated,” aka the “march to zero.” (Tankersley, Jim) (Scott, Jeremy)

Brownback’s original proposal included repealing itemized deductions, the earned income credit, and suspending the scheduled sales tax reduction, which were all intended to get the package “close to revenue neutral.” Lawmakers did not enact those portions of the tax package.

(Mazero, Michael)

As seen in table 1, “In FY 2014, state tax revenue totaled \$7.411 billion, which was a decrease of \$498 million, or 6.29 percent below collections in FY 2013. FY 2012 receipts had increased over FY 2011 by \$563 million. FY 2011 receipts, fueled by a sales and use tax increase, had increased \$816 million, or 12.82 percent, above FY 2010 receipts. FY 2010 receipts had decreased by \$281

million, or 4.23 percent, below FY 2009 receipts. FY 2009 receipts had decreased \$565 million, or 7.84 percent below FY 2008 collections. FY 2014 represented the fully annualized impact of income tax reductions enacted in 2012 and later amended somewhat in 2013. Based on information from the Department of Revenue, individual income tax receipts were reduced by about \$249 million in FY 2013; and by \$733 million in FY 2014. As additional changes are phased in, the reduction in receipts from this source relative to prior law is expected to be \$886 million in FY 2015; \$999 million in FY 2016; \$1.099 billion in FY 2017; \$1.263 billion in FY 2018; and \$1.568 billion in FY 2019. Individual income taxes will have been reduced by a cumulative \$6.796 billion from FY 2013 through FY 2019 as a result of the legislation enacted in 2012 and 2013.” (Kansas Tax Facts, 2014 Supplement)

By 2016, the tax package reduced state revenue by nearly \$700 million a year, a drop of about 8 percent. This caused the state budget deficit to balloon and forced officials to shorten school calendars, delay highway repairs and reduce aid to the poor. (Tankersley, Jim) (Scott, Jeremy) In 2015, Kansas tied for the 10th worst job growth rate in the country, at 0.8 percent, adding just 10,900 nonfarm jobs. (Abouhalkah, Yeal) Table 2 and 3 show that while Kansas does have clearly have job growth from 2012 to 2017, it’s at a much slower rate than neighboring states and even the rest of the country.

The theory behind Brownback’s tax proposal was supply-side, or trickle-down, economics. The economic theory has been given a background of seeking to create growth through lowering taxes and decreasing regulation. (Hobson, Jeremy) Examples of supply-side can be found

through history, within Ronald Reagan’s presidency, in George W. Bush’s presidency, and in Donald Trump’s presidency.

Supply-side itself is tricky to apply, and often is not credited as useful by many economists. It plays into principles outlined by V560, which are discussed in the next section. Under the theory, the new Kansas tax laws should have prompted the formation of many new Kansas businesses through attracting pass-through businesses from other states and creating higher profits. It focuses on what the government (federal, state, and local) can do to increase the overall supply of goods and services that are created in the economy. Arthur Laffer, considered to be the father of the theory and was an advisor to Regan, Trump, and Brownback, “suggested that lowering taxes on high-income people would actually lead to higher revenues for the government because these individuals would stimulate the economy with their freed-up resources.” (Krugman, Paul) (Hobson, Jeremy) However, supporters often tout that a tax cut will create such economic growth, and additional tax revenue, that will pay for cuts themselves immediately. “This is often not the case, and projected revenues should be approached conservatively. It may take several years of steady economic growth from the tax cuts to generate the tax revenue that existed prior to enactment.” (Mussi, Scot; Rigler, Aimee)

“Based on information from the Department of Revenue, individual income tax receipts were reduced by about \$249.0 million in FY 2013, by \$733.0 million in FY 2014, by \$886.0 million in FY 2015, by \$849.0 million in FY 2016, and by \$920.0 million in FY 2017. Legislation enacted in 2017 restored many of the features of the pre-2013 income tax law, and individual income tax receipts increased by \$1.077 billion from FY 2017 to FY 2018. Other major tax sources also

were affected by legislation enacted in 2013, 2015, and 2017. The sales and compensating use tax rate was reduced from 6.30 percent to 6.15 percent in FY 2014, but increased to 6.50 percent in FY 2016. The latter change was estimated to increase total sales and use tax receipts by \$164.2 million in FY 2016, by \$186.7 million in FY 2017, and by \$193.7 million in FY 2018.” (Kansas Tax Facts, 2018 Supplement)

The ups and down within the budget have created legislative chaos. Lawmakers raised sales and cigarette taxes to try and balance the budget – which places a larger burden on low-income families. Public education received a \$44.5 million cut in order to free up more money in 2015. (Campbell, Alexia) Contributions to the Kansas Public Education Retirement System (KPERs) were reduced by \$40.7 million, by dropping the employer contribution rate from 12.1 percent to 9.5 percent. The highway fund – which goes towards construction projects, the salary of construction workers, and maintaining highways and bridges – received a cut of \$96 million to the reserves and a reduction of \$7.8 million in the operating budget. The department of education and the department of corrections saw a collective cut of \$383,000 in their operating budgets. The department for children and families’ budget was reduced by almost \$4 million. (Lowry, Bryan; Lefler, Dion) Table 4 and 5 show additional in cuts that were made by in 2013 as well as the price that Kansas has to pay now to get back to pre-tax cuts financially.

These cuts in turn led Kansas to fall well below the national average in public services such as K-12 education to housing to police and fire protection. (Urban Institute’s State and Local Finance Initiative) Even the Kansas Supreme Court found that the state had gone too far in

cutting education and under an order from the Supreme Court, the legislature had to increase funding for public schools. (Gleckman, Howard)

In 2017, Kansas lawmakers passed a bill to “largely rescind the law, saying it had not worked as intended.” (Tankersley, Jim) Led by Republican lawmakers, the Kansas House and Senate raised income and businesses taxes and repealed the zero tax rate for owner-operated businesses.

(Campbell, Alexia) Key provisions of the bill are below:

- **“Repeals the pass-through carveout.** Since the provision took effect in 2013, pass-through registrations have jumped, but pass-through job creation lags the national and regional averages. The provision costs the state between \$250 million and \$300 million per year.
- **Adds a top income tax bracket of 5.45 percent on income over \$50,000 for single filers and \$100,000 for married filing jointly.** This is below the 6.45 percent top rate Kansas had until 2012, but higher than the current top tax rate of 4.6 percent.
- **Raises the (now) middle-income tax bracket from 4.6 percent to 5.25 percent.** This applies to income between \$15,000 and \$50,000 (single filers) and \$30,000 and \$100,000 (married filing jointly).
- **Cancels further automatic tax reductions.** The 2012 law, in addition to the steep rate cuts and pass-through exclusion, required further tax reductions by dedicating all revenue above 2 percent growth to be used to reduce individual income tax rates to zero and reduce corporate tax rates. By pegging triggers to year-over-year revenue growth, without

regard to any static baseline, Kansas could trigger tax cuts without any meaningful economic growth.

- **Expands itemized deductions** to include 50 percent of medical expenses declared on federal returns. Unchanged law permits itemized deductions for charitable contributions and 50 percent of mortgage interest and property tax. Standard deduction and personal exemption levels are not changed.” (Bishop-Henchman, Joseph and Drenkard, Scott)

II. Outline of the issue utilizing V560 techniques

V560 teaches that “budgeting is a mechanism for setting social, economic, and political goals and objectives, and for managing governmental units, programs and activities to achieve these goals. It’s is not just about technical analysis. It is also about policies, processes, distribution of power, social and economic interests, and management.” The example of supply-side theory in the unique situation of Kansas allows for an in-depth look at the political goals and objectives lawmakers had, in addition to how it affected the social and economic interests.

Theoretically, government spending is for the public good and long-term gains for society. There are three primary budget policy roles of government: the provision of social/public goods (aka the allocation function of budget policy), the distribution of income and wealth to a level considered equitable, and the stabilization role (aka maintaining high employment, stabilizing prices, keeping inflation in check, and maintaining economic growth). Each role is reflected differently in the actions taken by the Kansas state government.

The provision of social/public goods fell to the backburner following the tax cuts and the subsequent intervention of the government due to a perceived market failure. When the free market succeeds, there is no need for the government to intervene. The market assumes that everyone will act in their own financial interest and that suppliers will seek to maximize profits. Supply-side allows for producers of goods and services to become fully responsible for growing the economy, through investing their un-taxed capital in their companies. (Krugman, Paul)

Kansas lawmakers wanted to remove themselves from the market and to allow for the market to provide the goods and services needed in a successful economy. When markets fail, however, policy-makers have a rationale for being involved. In addition, the government often steps in to address equity concerns such as distribution of wealth and to address other policy issues.

Because Kansas was focused on improving the economy, lawmakers lost sight of what the government actually does and what the government should do – provide social and public goods.

The distribution of income and wealth to a level considered equitable can be seen in the actions regarding market failure. In addition, it can be seen through the original tax cuts. Table 6 shows that while the state wanted to have overall less taxes, the taxes cut freed up more money for the wealthy. This falls in line with supply-side, as “supply-side economists believe the benefits of their policy would accrue to the wealthier parts of the population first but eventually trickle down to everybody else.” (Krugman, Paul) Personal income tax though has several major issues to explore. With respect to economic efficiency, Kansas lawmakers were required to answer the following questions: does it encourage people to work and invest? What about equity concerns – is it fair to different income groups? Is the tax burden too high? When it comes to transparency and administrative issues, are the current tax codes too complicated? Can we reduce the

compliance costs and evasion problems? During the tax cuts of 2017 on the national level, and during the cuts of 2012 on the Kansas state level, ultimately the tax changes simply resulted in large tax cuts for the wealthy and very modest cuts for the middle class. The cuts were unable to encourage people to work – as the job growth was only 4.2 percent. Reducing the amount people paid in personal income taxes can be a good jumping off point to reduce the tax burden and to assure that no income group is being left with the brunt of the taxes. However, Kansas has a 6.5 percent sales tax, with up to an additional 3 percent in local tax. This negatively affects the lower income groups, because even though they may have a few extra dollars throughout the year, a high sales tax prevents them from leaving the lower income group.

The third and final role the government plays is stabilization (aka maintaining high employment, stabilizing prices, keeping inflation in check, and maintaining economic growth).

Besides correcting the market and providing an opportunity to potentially redistribute wealth, the state government was unable to correctly develop a budget or to correctly implement it. In the end, the tax changes simply resulted in large tax cuts for the wealthy and very modest cuts for the middle class.

From 2012 to 2016, the state of Kansas struggled to pay its bills and as a result had to reallocate funds. Capital budgeting is “unique because of the long-term effects of initial capital expenditures. It integrates physical and financial planning.” An example used from V560 is infrastructure, how and where it should be built, the spending needs, and overall financing scheme. As financial responsibilities grow, governments have to be more careful in capital

spending and planning. Kansas is a perfect example of this with regard to its social services. A capital asset inventory was taken, but simply so that the local officials would know where they could start cutting funds from first. No need and priorities assessment were done – if they had been, it would have been easy to see that while citizens may have been appreciative at first for the cuts, in the end citizens were unaware of what cost they would cause later.

Kansas lawmakers need to find \$503 million to fund 23 unfinished highway projects, \$194 million to pay off delayed payments to Kansas Public Education Retirement System (KPERs), \$118 million to pay back a loan from the Pooled Money Investment Board, \$112 million to fund education, \$69 million to fund human services caseload, and \$24 million to begin to restore higher education funding as mentioned before. (Kansas Center for Economic Growth) These numbers show that Kansas was not prepared for the loss of funds with the tax cuts and had no idea what should be funded first. There was no Budget Administration Plan, and as a result, the base budget continued to fluctuate over the years. Citizens, and lawmakers, were unaware of what reallocations needed to be made during the year due to changes in the need, variances in costs, savings that are realized, etc., until it was too late.

This affected funds that had been committed to a specific purpose, including the highway fund, KPERs, and the children's fund. Each of these sectors were constantly under the governor's eye as a potential source of funding to fix what needed to be addressed immediately.

While at first lawmakers and Brownback were on the same page about their intent – reducing taxes to stimulate the economy – eventually lawmakers could no longer allow for the micro-management of Brownback. This clash in intent allowed for the reversal of the tax laws in 2017.

The purpose of a financial statement analysis is to analyze a government’s ability to meet its obligations as they come due, to identify trends in revenues and expenditures, and to compare actual results to budgets. A useful purpose that the state government could have found was the comparison of the results in spending and revenue to the planned amounts. While it is impossible to determine if legislators used a statement analysis, it can be seen that the governor did not as he was unwilling to overturn his proposals when he was re-elected.

Questions that lawmakers should have been asking themselves and their colleagues during the discussion of the tax cuts were: How should the projects be funded? Should government use pay-as-you-go financing, a lump sum appropriation, or loans? Should they use general taxation, or specifically designated revenues (i.e., earmarked revenues) for the project? Should the private sector be involved to co-finance the project?

“But Kobach is echoing arguments of more conservative tax policy analysts nationally who say that income tax cuts — particularly in the state’s top rate — can help its economy. They cite Indiana, North Carolina and Utah as states where tax cuts proved successful. Joseph Bishop-Henchman, executive vice president of the conservative Tax Foundation, said states that pursue tax reform must couple it with a concrete plan to deal with budget issues. “You’ve got to have a cash flow analysis about how you’re going to pay your bills,” Bishop-Henchman said. He and

other more conservative analysts also stress that reforms should make the tax code simpler and eliminate exemptions and deductions to offset rate cuts. While Brownback had such goals in pursuing his tax cuts, groups like the Tax Foundation and libertarian Cato Institute criticized the broad exemption for business owners as bad policy.” (Hana, John)

III. Various public positions

Kansas’ tax cuts, and subsequent budgetary issues, provides the opportunity for citizens to demand financial accountability of the state. Citizens want to know that the legislative intent found in passing a budget shares their same interests. Budgets are a tool for us to use in establishing and funding priorities. These priorities need to be reflective of those who will be served, who will be providing the goods and services, and who will be paying for it.

Former Governor Brownback repeated often to Kansans that the “new pro-growth tax policy will be like a shot of adrenaline into the heart of the Kansas economy. It will be pave the way to the creation of tens of thousands of new jobs. (Thornton, A., Hendricks, G.) Brownback campaigned on the fact that he was “committed to growing the Kansas economy by alleviating the income tax burden on all Kansans, continuing investments in K-12 education and equipping struggling Kansans with the work training needed to break the cycle of generational poverty.” (National Governors Association) While Brownback was able to have the legislature pass his tax proposal and decrease taxes, he in turn jeopardized K-12 education by cutting \$45 million to the education budget.

Brownback believed that government intervention was no longer a necessary in the state and therefore wanted to reduce the amount of taxes. He additionally wanted the free market to have an opportunity to succeed, so that everyone could reap all the benefits. Brownback said, “My faith is in the people of Kansas, not the government’s ability to tax and redistribute.” (Carpenter, Tim)

Brownback was not the only person touting what the tax proposal should accomplish. Laffer, the architect of supply-side economic theory, was there to support Brownback and what the Kansas legislature was looking to accomplish. “It’s a revolution in a cornfield. Brownback and his whole group there, it’s an amazing thing they’re doing. Truly revolutionary.” (Gowen, Annie) House Speaker Mike O’Neal (R) said that state tax reductions would be foundation of new business development. “I am confident this legislation will be a turning point for Kansas. Kansas is serious about growing small businesses and creating jobs.” (Carpenter, Tim)

Each of these people had their own intent when it came to the legislation. There is a fine balance between micro-management and allowing the executive branch to implement in accordance with the laws and statutes. At the same time, a chief executive, the governor in this instance, may have their own agenda for agencies to pursue. Brownback wanted to demonstrate that Kansas could be this small government heaven on Earth which would help him in his second run for the presidential nominee bid. It was rumored that Brownback, who had served 14 years in the U.S. Senate, did not run for president in 2012 because of the state’s deficit problems. (Hobson, Jeremy)

Bill Kassembaum, a Republican former state representative, came out in favor of Brownback and that tax policies yet hinted that there would be issues further down the road. “I would say the majority of voters are happy with it,” Kassebaum said. “I don’t think the realities or consequences of pursuing these policies have kicked in yet. When they do it’s going to be the age-old question, ‘What do we want as far as services from the government?’ I think a lot of people don’t realize the role government plays in their lives until it’s gone. They may not be happy with what’s left.” (Gowen, Annie)

Two Kansas elected officials agreed that voters, and other elected officials, did not know what the real consequences would be of the new tax policies. Paul Davis, House Minority Leader, stated that Brownback and Republicans who voted for the bill should be held accountable if the tax cuts caused for state programs to be gutted in the future. “Governor Brownback completely choreographed this fiscally irresponsible plan from start to finish,” Davis said. “There is no feasible way that private-sector growth can accommodate the price tag of this tax cut, which means our \$600 million surplus will become a \$2.5 billion deficit within just five years.”

(Carpenter, Tim) Governor Laura Kelly (D), then a state senator, said, “It will be a bloodbath. There’s going to be a raft of things that will come, but details are lacking. It’s all been so clandestine.” (Gowen, Annie)

These officials believed that former Governor Brownback had not solicited input from the right people, and that even if the right priorities had been determined, the new budget had no way of supporting and funding them. As time went on, others began to find themselves without funding.

The state deficit ballooned and caused Republicans in the House and Senate to rethink their positions.

The beginning of the reversal of the 2012 tax policy allowed for lawmakers, nonprofit directors, business owners, professors, and the public to realize what had happened to the economy.

“Well, Kansas for years had been thought of as being somewhat behind other states in the region in terms of growth,” says Kenneth Kriz, a professor of public finance at Wichita State University. “There was a push starting really with the first years of the Brownback administration to do something with tax policy to help turn the tide and to make Kansas more attractive as a place to live and do business.” (Hobson, Jeremy)

Randy Peterson, President and CEO of Stormont Vail Health, was quoted saying “Quite frankly, I think the experiment failed. We did not see the economic upturn that was projected. We haven’t seen this big influx of industry and organizations wanting to relocate to Kansas because of these tax cuts, and that was the projection. I’m a little concerned that we have the same concept at the national level now.” (ITVS)

Additionally, the Kansas City Star warned President Trump to not create the same mistakes that the Kansas tax plan did. “We do not oppose tax reform. Paying federal taxes is too complicated and too distorted by tax breaks for special interests. Taxes at all levels should be simple, low, broad and fair. But the president isn’t just proposing tax reform. He also wants a trickle-down tax cut for the wealthy. Kansans know how this story ends.” (Campbell, Alexia)

IV. Potential outcomes or solutions

The Kansas state government is needing \$1.02 billion to successfully fund what was cut during the 2012 tax cuts. In order to fund the bare minimum, Kansas had to reduce spending. In order to get the state back to where it was prior to 2012, Kansas lawmakers need to find \$503 million to fund 23 unfinished highway projects, \$194 million to pay off delayed payments to Kansas Public Education Retirement System (KPERS), \$118 million to pay back a loan from the Pooled Money Investment Board, \$112 million to fund education, \$69 million to fund human services caseload, and \$24 million to begin to restore higher education funding as mentioned before. (Kansas Center for Economic Growth)

Governor Laura Kelly has stated that “she would prefer not to substantively revise the state tax code until the budget was stabilized.” (Kansas House on verge) Coming from that mindset will allow for legislators to successfully re-fund each project that’s needed and to set the state up better than it was. Since Brownback had clearly decided that Kansans needed more cash to help the economy, perhaps it is not best to think of him as wrong but rather as going about his intent in the wrong way. It is all about budget implementation as mentioned earlier.

In recent years, states have become interested in performance budgeting / results-oriented management and try to link performance with budgetary decisions. By starting with a zero-sum budget, having this results-oriented management would allow for Kansas to understand what the “right” amount of money is for a department to function successfully. Looking at the education for example – the Kansas Supreme Court has determined that legislators needed to increase the

budget by \$238 million. However, what would happen if the state were to give more than that? Odds are, the state would function better and would allow for Kansas to have a funded arts program again – as Kansas is the only state that does not have one.

“Both bills seek to restore part of the \$24 million remaining of the [*4 percent cut that former Gov. Sam Brownback ordered*](#) as part of a package of allotment cuts to balance last year’s budget.

The Senate bill puts back \$17 million of that for the upcoming fiscal year that begins July 1, or about 75 percent, while the House bill puts back \$12 million, or half of the remaining cut. The biggest difference between the two is funding for the state’s pension plan, the Kansas Public Employees Retirement System, where lawmakers have been delaying payments for the last few years to make up for revenue shortfalls. The House bill calls for making the full fourth-quarter payment next year of \$194 million, a payment lawmakers had planned on delaying. The Senate version, however, calls for paying \$82 million into the fund, to partially make up for a delayed payment in 2016.” (Hancock, Peter)

“The Kansas House’s three-hour debate on tax policy Thursday demonstrated enough support to pass legislation allowing businesses and wealthy individuals to avoid \$187 million in state income taxes and for provisions to slice a chunk off the state’s food sales tax and impose a new tax on internet transactions through out-of-state retailers. The bill advanced to final action on a vote of 80-42, which was far more than the minimum 63 required for adoption but less than the 84 needed to override a potential veto by Gov. Laura Kelly. The Democratic governor said she would prefer not to substantively revise the state tax code until the budget was stabilized.”

(Kansas House on verge)

They cite Indiana, North Carolina and Utah as states where tax cuts proved successful. Joseph Bishop-Henchman, executive vice president of the conservative Tax Foundation, said states that pursue tax reform must couple it with a concrete plan to deal with budget issues. “You’ve got to have a cash flow analysis about how you’re going to pay your bills,” Bishop-Henchman said. He and other more conservative analysts also stress that reforms should make the tax code simpler and eliminate exemptions and deductions to offset rate cuts. While Brownback had such goals in pursuing his tax cuts, groups like the Tax Foundation and libertarian Cato Institute criticized the broad exemption for business owners as bad policy.” (Hana, John)

“Some changes in the tax code generate more economic growth than others. Another key to successful tax reform is understanding what is taxed is just as important as how much is taxed. This is especially true when it comes to economic performance and job growth related to productivity taxes vs. consumption taxes. The evidence shows that all taxes have a negative impact on growth, but some are much more harmful than others. Some of the worst revenue raisers include the estate tax, progressive personal income taxes and corporate and capital gains taxes. Other taxes such as broad-based sales tax, user fees and other similar consumption taxes are less harmful¹⁹. It is even possible that revenue neutral tax reform can generate additional economic growth if structured properly. Understanding these differences is key to developing a successful tax reform package.” (Musi, Scot; Rigler, Aimee)

Compare KPERS to other states.

“The governor has proposed refinancing the debt of the Kansas Public Employees Retirement System. Her proposal would stretch out the payoff schedule. That would lower the annual payments and free up money for other priorities, such as education or expanding health coverage through the state’s Medicaid program. But ultimately it would add billions of dollars to the state’s pension liabilities.” (Koranda, Stephen)

Compare KDOT to other states.

- the issue with one section fixes

By cutting funding to replace one section means that tax payers miss out on the benefits of the cut section

- need to discuss what is most important to the tax payer when discussing cuts

Use a zero budget, use public polling, hold community meetings

- any legislation that would potentially fix it

Use other states as an example – like new Hampshire since it has zero income tax

Appendix

Table 1. Kansas state and local taxes collected

Kansas State and Local Taxes						
(In Thousands)						
	FY 2011	FY 2012	FY 2013	FY 2014	Percent of FY 2014 Total	Percent Change from FY 2013
General Property (a)	\$ 4,017,712	\$ 4,136,514	\$ 4,229,149	\$ 4,300,213	32.76 %	1.68 %
Sales and Use (b)	3,435,819	3,733,326	3,828,962	3,974,609	30.28	3.80
Income and Privilege	2,952,837	3,244,110	3,359,986	2,685,378	20.46	(20.08)
Motor Fuels	436,245	435,049	415,352	441,841	3.37	6.38
Unemployment Comp.	398,878	434,283	425,462	406,639	3.10	(4.42)
Various Vehicle (a) (c)	337,735	346,942	360,854	375,538	2.86	4.07
Vehicle Registration	207,007	205,532	221,664	228,625	1.74	3.14
Insurance Premiums	159,824	166,404	174,531	198,356	1.51	13.65
Severance	112,791	124,921	122,895	151,082	1.15	22.94
Liquor and Beer	113,111	118,202	121,318	126,861	0.97	4.57
Cigarette and Tobacco	102,496	103,639	98,985	97,813	0.75	(1.18)
Mortgage Registration	35,471	37,795	47,842	46,272	0.35	(3.28)
Transient Guest	32,444	34,812	36,010	39,749	0.30	10.38
Motor Carrier Property	23,167	24,814	28,855	35,708	0.27	23.75
Corporation Franchise	30,283	9,817	(4,167)	6,632	0.05	(259.16)
Intangibles (a)	2,738	2,393	2,170	2,129	0.02	(1.89)
Estate/Inheritance	229	694	(77)	136	0.00	(276.62)
All Other (d)	8,183	8,714	8,686	8,528	0.06	(1.82)
Total	\$ 12,406,970	\$ 13,167,961	\$ 13,478,477	\$ 13,126,109	100.00 %	(2.61)%

(a) Taxes levied for collection during the fiscal year.

(b) Includes state, county, city, municipal university, and other special district sales and use taxes.

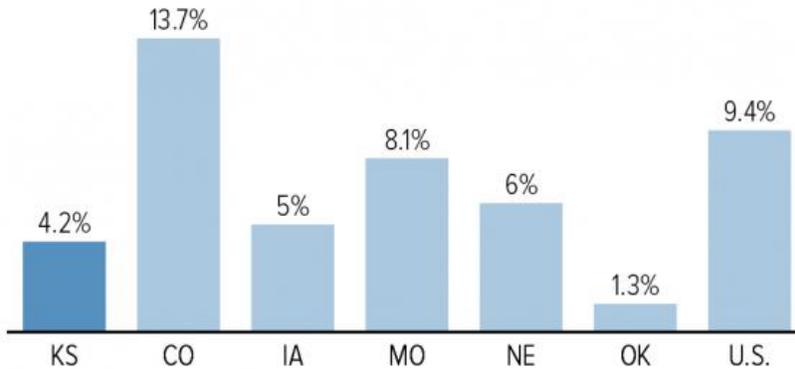
(c) Includes motor vehicle, recreational vehicle, 16M and 20M "tagged" vehicles, and rental car excise taxes.

(d) Total revenue from ten taxes, the largest of which for FY 2014 was the clean water drinking tax at \$3.717 million.

(Kansas Tax Facts, 2014 Supplement)

Table 2. Kansas job growth from 2012 to 2017 compared to neighboring states

Private-Sector Job Growth: Kansas Lagged Most Neighbors and U.S. After Cutting Taxes



Note: Data cover December 2012 (the month before the tax cuts took effect) to May 2017 (the month before they were scaled back).

Source: Bureau of Labor Statistics, 2017

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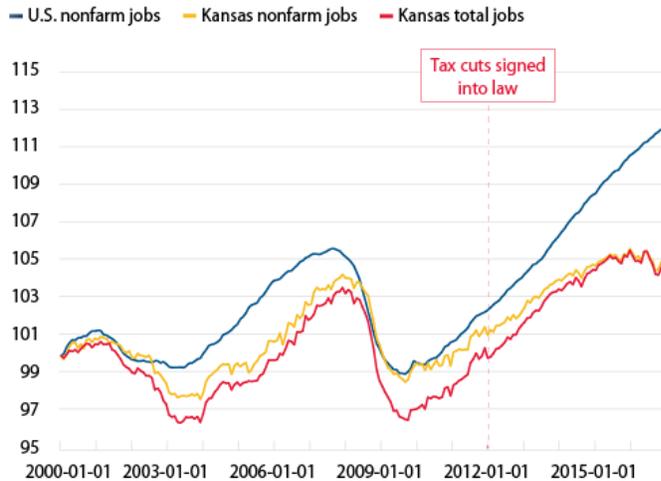
(Mazerov, Michael)

Table 3. Kansas job growth compared to the rest of the US

FIGURE 1

Kansas job growth lags behind the nation

While employment continues to grow nationwide, it flattened in Kansas after the 2012 tax cuts

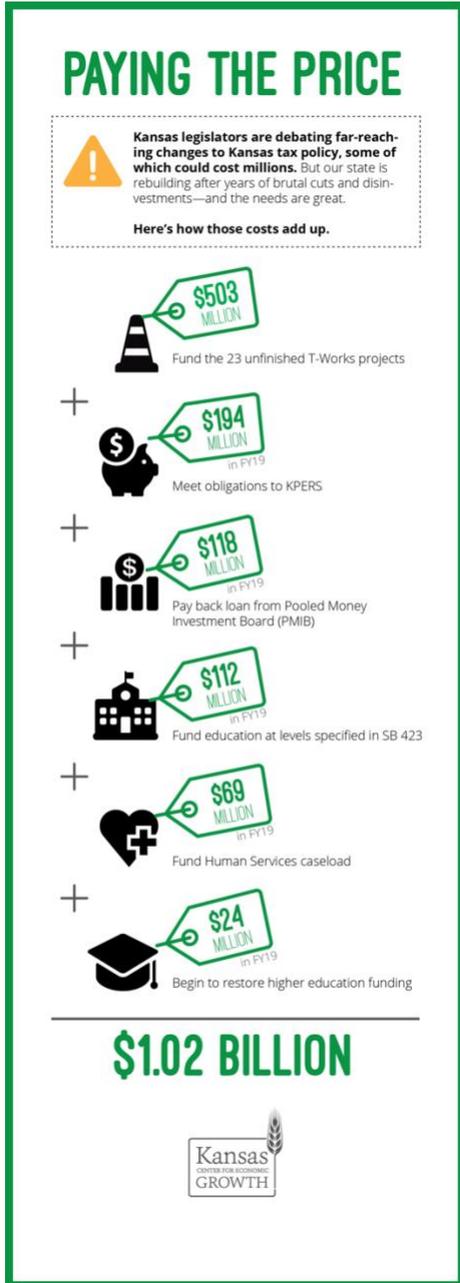


Notes: All data are seasonally adjusted. Kansas farm employment is included for reference, as it is a top agriculture producing state. January 2000 data are indexed to 100.
Sources: Federal Reserve Economic Data, Federal Reserve Bank of St. Louis, "All Employees: Total Nonfarm Payrolls (PAYEMS)," available at <https://fred.stlouisfed.org/series/PAYEMS> (last accessed October 2017); Federal Reserve Economic Data, Federal Reserve Bank of St. Louis, "All Employees: Total Nonfarm in Kansas (KSNA)," available at <https://fred.stlouisfed.org/series/KSNA>; Federal Reserve Economic Data, Federal Reserve Bank of St. Louis, "All Employees: Total Private in Kansas (SMS20000000500000001)," available at <https://fred.stlouisfed.org/series/SMS20000000500000001>.



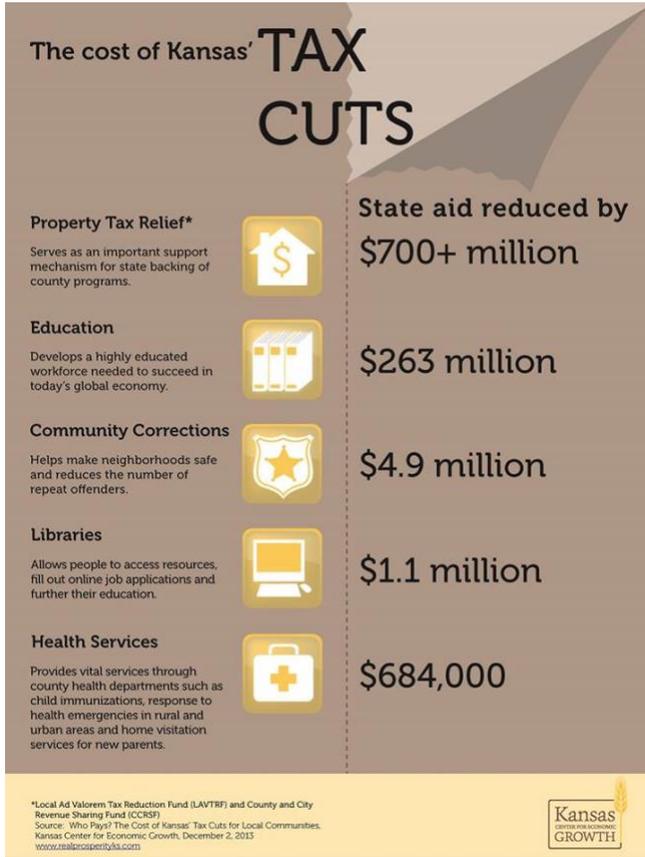
(Thornton, Alexandra)

Table 4. The amount of funding needed to get Kansas back to where it was pre-tax cuts



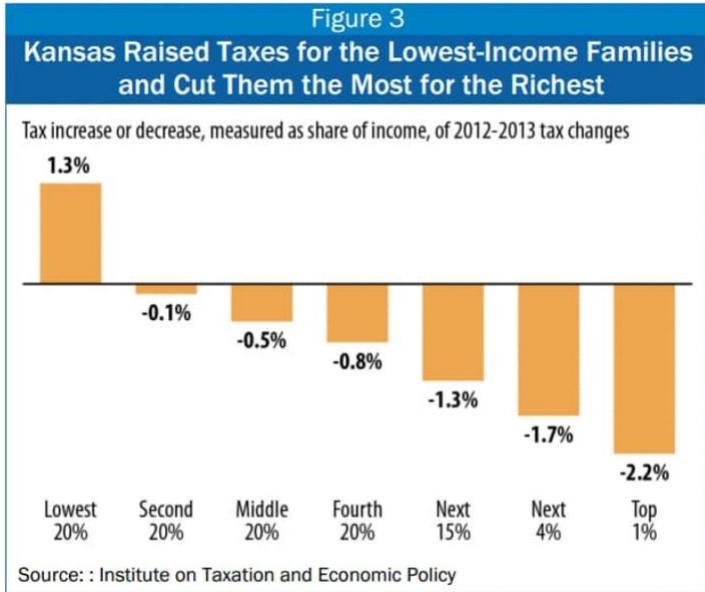
(Kansas Center for Economic Growth)

Table 5. Amount Kansas reduced to social services



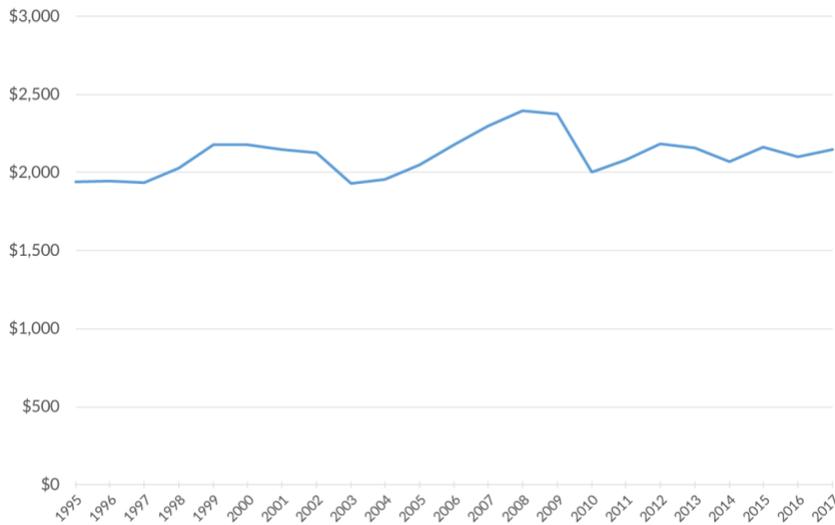
(Kansas Center for Economic Growth)

Table 6. Kansas' tax cuts per income groups



(Ehrenfreund, Max)

Kansas General Fund Spending Per Capita, in 2016 dollars



(Bishop-Henchman, Joseph and Drenkard, Scott)

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