What was **Really** the Matter with the Kansas Tax Plan

Available on Amazon
https://amzn.to/2qFjNlw
Tax relief opponents claim the Kansas effort between 2012 and 2017 proves taxes cannot be reduced. But at the same time, states like North Carolina, Indiana and Tennessee successfully cut taxes, so the real issue is understanding what was different about Kansas.

Some of the claims weren’t accurate but Kansas did have serious budget challenges, and most of them were avoidable. Mistakes were made, other circumstances were at play and there was also a very toxic political environment.
Big (Avoidable) Mistakes

1. Don’t cut taxes and increase spending
2. Have a plan to balance the budget
3. Have the right systems in place
General Fund Spending (millions)
States that Spend Less, Tax Less

2016 Per-Capita State Spending

States that tax income
- Kansas: +50%

States with no income tax

10 highest state & local tax burdens
- Kansas: +45%

10 lowest state & local tax burdens

Source: National Association of State Budget Officers, Tax Foundation
No plan to balance the budget

• The original plan was $350 million over 5 years
• House boosted it to $1 billion, Senate to $3.5 billion.
• No implementation plan ever materialized!

• Administration had no plan even for the ‘skinny’ cut
Have the right systems in place

- Performance (priority) based budgeting
- Reliable revenue estimating system
Big Myths Exposed

• The 2012 plan wasn’t fully implemented.

• No major tax avoidance
  • IRS data – no significant shift
  • Dept. of Revenue data on conversions
  • Academic study - just 2% tax avoidance
Toxic Political Environment

• Democrats and most Republicans wouldn’t propose tax increases or cost savings to balance the budget.

• “Burn It Down” strategy to make conservatives look bad worked…because they allowed it happen.
Oil Declines Reduced Severance & Sales Tax

Cushing OK Crude (per barrel)
Farm Declines Reduced Sales Tax
Lessons Learned

• Don’t cut taxes and increase spending

• Have a plan to balance the budget by making gov’t. more efficient

• Get the right systems in place

• Be honest; no political ‘predictions’