



Responsible Policy. Real Prosperity.

April 5, 2017

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Commentary in Opposition to Substitute for SB 192

Members of the Kansas Senate:

The Kansas Center for Economic Growth (KCEG) is a nonpartisan organization that conducts research and analysis to promote balanced state policies that help all Kansans prosper. We stand in strong opposition to Substitute for SB 192, which would eliminate the refundability of the Earned Income Tax Credit (EITC) for working Kansans with low incomes. Research shows that *when working people can keep up with basic spending, it boosts families, communities, and local economies*. The state Earned Income Tax Credit is one of the last parts of Kansas' tax code that works for working families, as state tax policy since 2012 has ended other credits that benefit low- to moderate-income Kansas taxpayers. Substitute for SB 192 will create a greater imbalance in Kansas tax policy and further undermine families working toward financial security.

- **The state EITC only goes to working Kansans.** The key part of the state EITC is that *taxpayers only receive it if they have worked*. Wealthy Kansans don't qualify, so this tax credit is targeted to almost 209,000 low- to moderate-income Kansans – helping working Kansans at tax time.
- **These dollars are spent right here in Kansas, stimulating local economies.** Families receiving the state EITC spend these dollars in their local hometowns. Taxpayers who claim the credit are using their tax refunds to catch up on medical bills, make needed family or home purchases, or to save for major purchases, such as the down-payment on a new car to make it safely and reliably to work.
- **Eliminating refundability of the state EITC means Kansas tax policy no longer works for working Kansans.** Since the 2012 Brownback tax experiment, policymakers have continued to whittle away at parts of the state tax code that are targeted at low- and moderate-income Kansans. The food sales tax rebate was made non-refundable; the homestead property tax program for renters and the child and dependent care credit were eliminated; and the sales tax has been raised, including the sales tax on food. These all have a disproportionate, negative impact on working Kansans, and eliminating the refundability of the EITC leaves nothing to help Kansans who work but struggle to get by.

While the Senate Tax Committee did not hold a hearing on the elimination of the refundability of the state Earned Income Tax Credit, we wanted to encourage the full Kansas Senate to reject this proposal. Kansas needs to start working on adopting policies that help working families in Kansas, not continue to eliminate them with Substitute for Senate Bill 192.