

NEWS RELEASE

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Proposed Tax Increase Will Result in Loss of Jobs for Kansans *Analysis Indicates Half-Cent Sales Tax Increase Is Not Good for Kansas*

Wichita, Kansas—Based on the November 7th Consensus Revenue Estimates, the State Tax Analysis Modeling Program (STAMP) calculates that a half-cent sales tax increase will generate additional net tax revenues of \$168 million but will have negative impact on the state's employment and investment levels. [Click here for more information on STAMP](#)

The [Flint Hills Center for Public Policy](#) used STAMP to calculate the net effect a half-cent sales tax increase will have on the state economy. The analysis considers a half-cent and a quarter-cent sales tax increase resulting in a Kansas sales tax rate of 5.8 percent and 5.55 percent, respectively.

The half-cent sales tax increase provides a Kansas tax revenue increase of \$181 million, but is decreased by \$12.4 million due to an expected decrease in consumption. The result is an estimated \$168 million net increase in Kansas tax revenue, a loss of approximately 2450 jobs for Kansans, and an \$11.5 million reduction in nominal investments.

The quarter-cent sales tax increase results are similar but smaller in magnitude. Net tax revenues are estimated to be \$84.5 million, and a loss of approximately 1250 jobs and \$5.75 million in nominal investments can be expected.

STAMP is a policy model designed to answer "what if" questions. The STAMP model is a comprehensive *Computable General Equilibrium* (CGE) tax model of the state economy used to compute the primary effects of various tax policies. The model was developed by the Beacon Hill Institute, and is a formal description of the economic relations among Kansas producers, government, households and rest of the world. It considers the important markets and flows, assumes that demand equals supply in every market by allowing prices to adjust within the model (prices are endogenous), and generates numeric solutions to tax changes.

For more information about the Flint Hills Center for Public Policy and their efforts to improve public policy in Kansas, please visit <http://www.flinthills.org/>.

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