

Good News for Kansas Taxpayers

As the national headlines continue to herald a coming economic downturn, and many states are facing dire fiscal situations, we must remind ourselves that all is not bleak for Kansas. Many times this column sends cautionary messages to readers and details harmful proposals from our elected officials. However, it is always important to look on the bright side, and this month, taxpayers have seen some very promising developments.

In spite of growing tax burdens and government debt from overspending, Kansas now has a golden opportunity to capitalize on current economic circumstances. For instance, the weak U.S. dollar along with near record agricultural prices have turned the aircraft industry and farming into major economic winners almost overnight. In addition, high crude oil prices are continuing to fuel the booming oil and natural gas industry in Kansas. If these current trends continue, Kansas could find itself in a very enviable position relative to many other states that are struggling to stay afloat.

One solid proposal that would certainly improve Kansas' economic standing is currently being considered by Topeka lawmakers. Rep. Kenny Wilk's proposal would reduce the corporate tax rate on Kansas businesses from 7.35 percent to 6.85 percent. While this may not appear to amount to much, it certainly takes a step in the direction of increasing Kansas' competitiveness and attracting more business to come and create jobs.

Another sound proposal is being supported by a group of bipartisan lawmakers, led by Rep. Kevin Yoder. Their plan establishes a ceiling for state debt, which caps debt at 20 percent of state general fund revenue. This commonsense proposal would draw a line in the sand and say enough is enough with the ever-increasing levels of state liabilities.

Debt levels have been rising rapidly in Kansas, and, according to one recent study; this has the potential to eventually be a burden on the state's economic development. *Rich States, Poor States: The ALEC-Laffer State Economic Competitiveness Index* uses state debt as one of 16 policy criteria to measure the economic outlook for states. This year, Kansas ranks 23 out of the 50 states, but with state debt increasing, it is something that policymakers should certainly note.

A tax by any other name is still a tax, and increasing debt merely shifts the tax burden from current taxpayers to future taxpayers. The people that bear the burden of this debt may be our children, or our grandchildren, but the point remains that the debt must be repaid – with interest. As Milton Friedman used to say, "there is no such thing as a free lunch."

One final area of good news is in the area of government transparency and accountability. Last year, Kansas took the lead in promoting budget transparency through legislation sponsored by Rep. Kasha Kelley and Sen. Tim Huelskamp. This first in the nation legislation mandated the creation of a searchable website

which details state spending information.

This website will reduce potential fraud and corruption by opening the state ledger to the light of the public eye. In the past, one was required to wade through layers of bureaucracy to research the details of state budgets. However, today that problem is a thing of the past. With the establishment of this central, searchable website to report the volumes of information for each fiscal year, the process has been simplified drastically, removing this hedge of bureaucratic red-tape and allowing any interested citizen to investigate where the money came from, how it was spent, and who spent it.

Last year, we saw significant momentum in the states to pass similar legislation to establish central, searchable databases of government expenditures. In the first few months of operation alone, these sites have streamlined the process of budget research, reduced the burden of paperwork on state agencies, and generated millions of hits, demonstrating real public interest in such efforts. This column encourages its readers to take advantage of this new transparency in government by visiting www.kansas.gov/kanview – you might just be surprised to see what you find.

While taxpayers are certainly on the defensive in most cases today, it is refreshing to highlight some of the positive developments from our elected officials in Topeka. As my father told me years ago, “son, never forget to count your blessings.” Not only was that a great lesson for me then, but it’s a great lesson for us to remember when our lawmakers get it right today.

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