

# Kansas

## Federal Policies Have Cost Kansas \$1.5 Billion over the Past Four Years

### Federal Policies Affect Kansas Revenue and Spending Levels, 2002-2005

Cost to  
Kansas

➤	<i>Federal Tax Changes:</i> Recently enacted federal tax cuts reduce state revenue directly.	\$198 million
➤	<i>Remote Sales:</i> States cannot collect sales taxes on goods & services purchased over the Internet due to federal law and court decisions.	\$612 million
➤	<i>Internet Access:</i> States are generally prohibited from applying tax to Internet access charges.	\$42 million
➤	<i>Unfunded Mandates:</i> Federal government imposes responsibilities on states but provides insufficient funding.	\$630 million
➤	<i>Medicare/Medicaid Dual Eligibles:</i> Increased use of prescription drugs shifts costs of health care for low-income elderly from federal Medicare program to state Medicaid programs.	\$212 million
➤	<i>Federal Fiscal Relief:</i> Congress approved temporary grants in 2003.	(\$154 million)
<b>TOTAL COST</b> (net of fiscal relief), 2002-2005:		<b>\$1.5 billion</b>

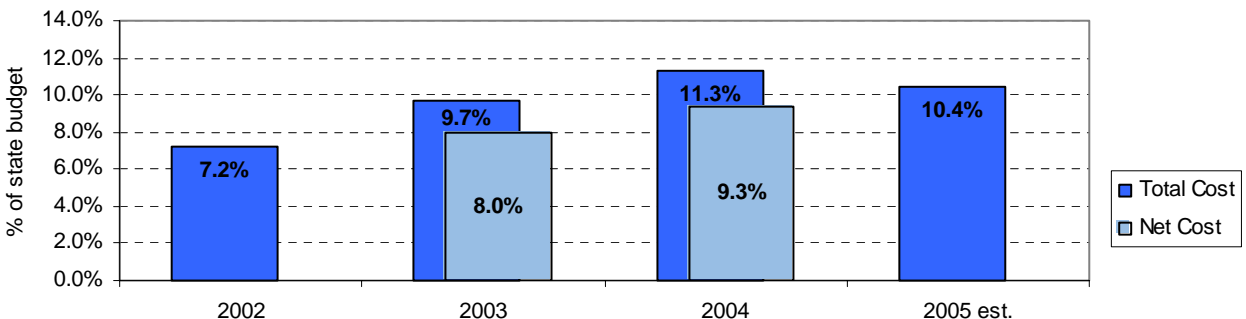
### Kansas Has Been More Affected by Federal Policies than Most States

Ranking among 50  
states plus D.C.

➤	Total cost as percent of General Fund budget (2002-2005):	<b>9.6%</b>	<b>19<sup>th</sup></b>
➤	Net cost as percent of General Fund budget, including offsetting federal fiscal relief (2002-2005):	<b>8.8%</b>	<b>18<sup>th</sup></b>

Kansas has been affected heavily by federal policy in part because the state relies greatly on sales tax revenue. As a result, it is more affected by federal restrictions on sales taxation than most states. Also, Kansas has failed to decouple from recent federal tax changes that have reduced state tax revenue significantly.

### Net Cost of Federal Policy to Kansas as a Percentage of State General Fund Budget



Source: Center on Budget and Policy Priorities, *Passing Down the Deficit: Federal Policies Contribute to the Severity of the State Fiscal Crisis*, May 12, 2004.