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## Kansas Example Highlights False Promise of Large Tax Cuts, New Report Shows

Kansas' massive tax cuts, which policymakers in some other states have cited as a model, haven't delivered the promised economic benefits and have led to continued deep cuts in public services even as other states have begun to recover from the recession, a new CBPP report shows.

"Kansas' tax cuts have meant big revenue losses and continued cuts in schools, colleges, and other services, with no noticeable economic gains," explained CBPP director of state fiscal research Michael Leachman, co-author of the report. "That's not a recipe that other states should want to follow."

Kansas lowered income tax rates sharply and eliminated income taxes entirely on some business profits. It also eliminated or altered a number of tax credits, including ones that help low-income families, such as a rebate for sales taxes on food. These changes delivered lopsided benefits to the wealthy while actually *raising* taxes for low-income families.

Though Governor Brownback likened the tax cuts to "a shot of adrenaline into the heart of the Kansas economy," job growth has lagged the country as a whole since they took effect, and business creation has slowed. And the state itself projects that personal incomes in Kansas will grow more slowly than the national total in the next two years.

Meanwhile, this year the tax cuts will cost the state about 8 percent of the revenue it uses to fund schools, health care, and other public services, a hit comparable to a mid-sized recession. State data show that the revenue loss will double in five years, to 16 percent.

As a result, while most states are restoring some funding for schools after years of significant cuts, in Kansas the cuts continue. Governor Brownback has proposed another cut for next year that would leave per-pupil general school aid 17 percent below pre-recession levels, adjusted for inflation. Funding for other services — colleges and universities, libraries, and local health departments, among others — also continues to fall.

"High-quality schools and colleges are a crucial building block of economic growth," Leachman notes. "They determine the quality of the state's future workforce and shape the minds of future leaders and entrepreneurs. By shortchanging these priorities, Kansas — and any state that follows in its footsteps — sets itself up for trouble down the road."

The report, *Lessons for Other States from Kansas' Massive Tax Cuts*, is available at <http://www.cbpp.org/cms/index.cfm?fa=view&id=4110>.

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