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CBPP STATEMENT

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Nick Johnson: Kansas Wise to Undo Failed Tax-Cut Experiment

The Kansas legislature wisely voted to start rebuilding the state's lagging economy by eliminating unwarranted tax breaks and raising much-needed new revenue to invest in schools and other vital services that will help the state and its people now and in the future. A bipartisan supermajority of both houses recognized the damage that Governor Brownback's tax cuts have caused and came together to choose a different path. This vote represents a striking repudiation of far-right wing economic orthodoxy and, as such, will influence fiscal debates far beyond the state's borders. Kansas is now choosing a constructive and forward-looking approach to its finances, and other states will be taking notice.

In 2012, Kansas slashed income tax rates, eliminated income taxes entirely for many businesses, and planned to further cut income tax rate cuts over the next several years, with the goal of eventually eliminating the income tax entirely. Governor Brownback promised the tax cuts would be a "shot of adrenaline into the heart of the Kansas economy," but reality has been far different. Rather than spur a boom, the Brownback plan merely gave a tax-cut windfall to the rich and raised taxes on many lower-income people while sending the state's finances into a tailspin.

Kansas' finances are now in crisis. State reserves are drained, and Kansas faces a \$900 million budget shortfall. Two bond rating agencies have downgraded Kansas due to its fiscal problems, and the state's education system and other crucial services have suffered as the state struggled to afford to invest in people and communities.

Kansas' five-year experiment shows us what happens when we try to tax-cut our way to prosperity, but the legislature's action reminds us that we have other options. With President Trump and the Republican majority in Congress proposing federal tax policies that are strikingly similar to the failed Brownback plan, policymakers in Washington and the people they represent all over America would be wise to learn from Kansas' experience.

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