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**Partners in America's Poverty Fighting Network**

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**Senate Committee on Assessment and Taxation  
Testimony on SB 192**

**Scott Anglemyer, Executive Director, Kansas Association of Community Action Programs**

Madam Chair and Members of the Committee:

Thank you for the opportunity to submit testimony on SB 192. The Kansas Association of Community Action Programs (KACAP) is the membership association for Community Action Agencies in Kansas that are working to create economic opportunity and end poverty in their communities. Our member agencies work to better focus local, state, private, and federal resources to assist low-income individuals and families become more self-sufficient. Together, our agencies provide services to over 14,000 low-income Kansans each year.

KACAP and its member agencies support tax reform that generates sufficient revenue to fund important state services while reversing the negative and regressive effects of tax policy changes passed in 2012 and since. As we have testified before, those fell disproportionately on the backs of low-income Kansans by eliminating the top income tax bracket, creating the so-called “LLC loophole,” setting in motion a process of further income tax reductions, and eliminating a number of deductions that low-income taxpayers relied upon. These changes were popularly characterized as tax cuts, but in reality amounted to a tax shift. By drastically reducing the share of the state’s revenue coming from income tax, necessitating subsequent sales tax increases to meet the resulting budget shortfalls the cumulative effect was to upend the “three-legged stool” of revenue sources, as economists generally describe sound tax policy.

The tax shift was not just a shift in revenue sources, but a shift in tax burden from richer households to poorer ones. While the top 60% of taxpayers did see income taxes lowered (with the highest incomes seeing dramatic drops in taxes), the poorest 40% of households—those earning less than \$42,000 per year--saw their taxes increase. In fact, according to data from the Institute for Taxation and Economic Policy, the poorest 20% of households ended up with the biggest increase in taxes as a result of this plan, not just in share of income, but in actual dollar amounts paid.

SB 192 does help to reverse some of the negative effects by restoring a third tax bracket, eliminating the LLC loophole and the “march to zero,” and restoring the income tax deduction for medical expenses. These changes all help to restore the three-legged stool and increase the share of the state revenue coming from those who can most easily afford it. KACAP supports

**KACAP Member Agencies and Board of Directors**

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Community Action, Inc.  
East Central Kansas Economic Opportunity Corporation  
Economic Opportunity Foundation  
Harvest America Corporation

Mid-Kansas Community Action Program  
Northeast Kansas Community Action Program  
Southeast Kansas Community Action Program  
Wichita Sedgwick County Community Action Partnership

these changes. However, the income tax increases outlined in SB 192 do not raise as much revenue as other packages being considered by the Legislature, nor does it address the regressive effect of the sales tax increases of recent years. We urge the Legislature to go further in making Kansas tax policy more equitable for the thousands of low-income Kansans.