



TO: Editorial Boards, Columnists, and Economic Reporters
FROM: Americans for Tax Fairness
DATE: June 19, 2017

RE: KANSAS'S FAILED TAX EXPERIMENT OFFERS LESSONS FOR THE NATION

Much has been written of the recent [about-face](#) that Kansas's legislature made when it comes to taxes.

When trickle-down hardliner Governor Sam Brownback drastically reduced his state's income and business tax rates, he promised economic growth. Instead, the tax cuts led to ballooning budget shortfalls, cuts to Medicaid, infrastructure and other vital services, and contributed to a full-blown [public education funding crisis](#).

All the while, [Kansas lagged behind](#) its neighboring states and the nation as a whole in economic growth.

As a result of these incontestable failures, even the deep-red legislature in Kansas finally had enough, and in a stunning move this month, raised taxes substantially against Brownback's wishes.

Why does Kansas's tax policy matter for those of us living in the rest of the country?

Because President Trump and Republicans in Congress are proposing similar sweeping tax cuts that will lead to similar draconian cuts in public services seen in Kansas.

Instead of pursuing the same, failed ideologically-driven tax-cut policies, Trump and the GOP should learn the following lessons from Governor Brownback's disastrous experiment:

- [Tax cuts do not automatically create economic growth](#).
- Deep income tax cuts lead to steep revenue losses and inevitably to large budget cuts harming schools, health care, and other public services and institutions.
- Tax cuts at the top do not benefit those at the bottom.

As *The Washington Post's* Ana Swanson and Max Ehrenfreud [report](#), Kansas's failed tax experiment caused real and lasting damage to workers, families, and children:

"Rural Kansas school systems, which were already burdened with high poverty and mental health issues, saw their budgets fall and class sizes balloon.

"In Coffeyville, a small town 70 miles south down a pot-holed two-lane highway from Iola, the superintendent of the school system pointed out that the cuts to the schools were themselves deeply damaging to the local economy.

"One of the town's biggest employers, the school district has seen its budget fall from roughly \$13 million to \$11.5 million in the last nine years. "That's a lot of jobs being lost in the community," superintendent Craig Correll said.

[...]

"Holly Jerome, a director at the Southeast Kansas Mental Health Center, spoke about a patient who lost a leg to diabetes and a disabled drug addict who couldn't go back to work because his insurance wouldn't cover a nonaddictive pain medication. Angela Henry, project director of the community organization Safe Base, told of a 13-year-old girl who lost part of her jaw when her

parents couldn't pay to finish a dental operation, and the packing pellets a dentist put in her tooth rotted."

Yet, President Trump, House Speaker Paul Ryan, and Senate Majority Leader Mitch McConnell are prepared to bring this failed experiment to the rest of the nation.

See ATF's below chart examining the similarities between Brownback's, Trump's, and Ryan's tax plans.

<p align="center">KANSAS' FAILED TAX-CUT EXPERIMENT IS MODEL FOR TRUMP AND HOUSE GOP TAX PLANS</p>			
<p>The Kansas legislature recently voted to reverse the disastrous tax cuts put into place by Governor Sam Brownback starting in 2012. They were heavily tilted toward the rich and led to slower economic growth, a downgrade of the state's credit rating, and severe budget shortfalls. Spending for schools, highways, and other public services plummeted. Yet the tax plans put forth by Donald Trump during his campaign (and more recently as president) and in the House GOP tax blueprint from 2016 echo Brownback's plan. Independent analyses estimate both federal plans will lose trillions in revenue over the next decade, putting at risk the nation's ability to fund critical investments in jobs, infrastructure, education and services that help working families—to which the Trump budget proposes unprecedented cuts.</p>			
	Kansas	Trump	House GOP
Individual Income Tax Cuts	Cut the top income tax rate on individuals from 6.45% to 4.6%—a 29% cut.	Would cut the top individual tax rate from 39.6% to 35%—a 12% cut.	Would cut the top individual tax rate from 39.6% to 33%—a 17% cut.
"Pass-Through" Business Tax Break	Completely eliminated taxes on "pass-through" business income (income from sole proprietorships, partnerships, LLCs and S corporations) that is taxed at individual rates.	Would cut the top tax rate on pass-through business income from 39.6% to 15%—a 62% cut.	Would cut the top tax rate on pass-through business income from 39.6% to 25%—a 37% cut.
Revenue Effects	Revenues <u>plummeted by \$700 million</u> in the first year and never recovered, forcing major cuts to vital public services. The pass-through income exemption alone <u>cost the state \$472 million in 2014</u> —or 0.3% of the state's GDP.	Trump's campaign tax plan, which largely resembles what he has proposed as president, would lose <u>\$6 trillion</u> over 10 years. Reducing the tax rate on pass-through income to 15% could <u>cost \$1.9 trillion</u> , or about 0.8% of GDP over this period.	Would lose <u>\$3 trillion</u> over 10 years. Reducing the tax rate on pass-through income to 25% could <u>cost \$660 billion</u> , or about 0.3% of GDP over this period.
Fairness	Top 1% of Kansans have gotten <u>31% of the tax cuts</u> —an average cut of about \$25,000 each. The lowest 20% saw their personal income taxes increase by <u>nearly \$100</u> .	Top 1% would get 47% of the total tax cuts from Trump's campaign tax plan—an average cut of <u>\$215,000 each</u> . The bottom 20% would get a \$110 tax cut. Nearly <u>9 million families</u> would see their taxes increase.	Top 1% would get three-quarters of the total tax cuts (increasing to 99% by 2025)—an average cut of <u>\$213,000 each</u> . The bottom 20% would get a \$50 tax cut. Some middle-class families would ultimately see their taxes rise.

Sources for Chart:

Center on Budget and Policy Priorities, [Trump Tax Plan's Pass-Through Tax Break Would Provide Massive Windfall to the Wealthy](#), May 22, 2017.

Institute on Taxation and Economic Policy, [Testimony to Kansas Senate Assessment and Taxation Committee](#), Feb. 14, 2017.

The Kansas Budget (blog), [January Revenue in Perspective](#), Feb. 3, 2017.

Tax Policy Center (TPC), [Options to Reduce the Taxation of Pass-through Income](#), May 15, 2017.

TPC, [An Analysis of Donald Trump's Revised Tax Plan](#), Oct. 18, 2016.

TPC, [Families Facing Tax Increases Under Trump's Tax Plan](#), Oct. 28, 2016.

TPC, [An Analysis of the House GOP Tax Plan](#), Sept. 16, 2016.

For all these reasons, we urge you to inform your readers about the dangers that Kansas-style tax cuts pose to the nation.

Further reading:

Washington Post: [Kansas recognizes reality: Draconian tax cuts left the state's budget in tatters](#)

New York Times: [Kansas Rises Up Against the Trickle-Down Con Job](#)

Washington Post: [Trickle-down economics is a nightmare. Kansas proved it](#)

New York Times: [Finally, Something Isn't the Matter With Kansas](#)

Washington Post: [These are the people who suffered when Kansas's conservative experiment failed](#)

Topeka Capital-Journal: [Kansas' economic outlook shifting with reversal of Brownback tax policy](#)

Brookings Institute: [What the Kansas tax cut about-face means](#)

Center on Budget and Policy Priorities: [Lessons for Other States from Kansas' Massive Tax Cuts](#)

Center on Budget and Policy Priorities: [Kansas' Tax Cut Experience Refutes Economic Growth Predictions of Trump Tax Advisors](#)

Institute on Taxation and Economic Policy: [How to Recover from A Failed Tax Experiment: Part 1](#)

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