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- enacting a measure made possible by keeping sales taxes higher.

Jun. 13, 2013

Kansas Gov. Brownback signed a continuation of income tax cuts into law Thursday — enacting a measure made possible by keeping sales taxes higher.

The Republican championed the tax policy shift as part of a bold drive to ultimately dump the state's income taxes and make Kansas a job-creating star.

"It has been difficult," Brownback told a group of business leaders Thursday morning. "It's required a lot of effort. We're on a path to growth. Now we're set."

Later Thursday morning at a ceremonial bill signing in Overland Park, the governor said the new tax policy was "giving a shot of adrenaline" to the state economy.

"This is the best package in America," Brownback said, "based on what any state is doing to be pro-growth."

While the governor spoke eagerly about the tax-cutting components of the bill, critics see it more as a tax shift. It means the state will look less to income taxes to pay for government services even as it continues a reliance on sales taxes.

Critics argue that income taxes offer a progressive way to collect revenue from those who can most afford to pay. Sales taxes, they say, tend to hit the poor hardest.

The bill Brownback signed Thursday doesn't actually raise the sales tax from its current 6.3 percent. Rather, it sets the rate at 6.15 percent, but that's higher than the scheduled drop to 5.7 percent that would have happened without legislative action. The sales tax was raised in 2010 — sold at the time as a temporary move — to cover budget shortfalls born of the recession.

So defining the latest change at as a sales tax hike or tax cut is largely a matter of

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revenues, budget problems could become chronic if the tax shift fails to launch the economic boom Brownback expects.

"This is a \$777 million tax increase on working Kansas families," said Dakota Loomis, a spokesman for the Kansas Democratic Party. "And this tax plan guarantees that your boss will stop paying taxes while your taxes goes up."

Brownback saw the tax bill instead as a signal to the rest of the country that Kansas is a place where taxes are headed down.

"We're on a path of growth and job creation, so I say, 'Come to Kansas,'" he said.
"We're paving the way to make Kansas the best place in America to raise a family and run a business."

Economists are largely dubious that the reduction of already marginal tax rates can prove a powerful enough incentive to draw new, job-making businesses to Kansas.

The tax plan did not come easy. The Legislature began the session with a fresh cadre of conservative Republicans, many of whom owed much to Brownback for their elections to office, and most of whom where loathe to back a higher sales tax they'd campaigned against.

That led to wrangling over the tax numbers weeks past the scheduled adjournment of the Legislature as they worked to strike a balance between cutting taxes and still keeping state revenues strong enough to support a wide range of services.

Brownback has urged taxpayers to look at the tax plan in context with the tax cuts enacted last year.

By that accounting, Kansans will get about \$3.8 billion in tax relief during the next five years, according to state Revenue Department estimates.

Yet Americans for Prosperity, a conservative group with broad influence in Kansas

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