Opinion



Free Press Viewpoint

Tax breaks hurt when revenue's low

Many proposals have been floated on how to solve the state of Kansas's "revenue problem," some worth listening to.

First we should understand, the state has a revenue problem not because previous legislatures gave away the farm, as some say, though there is an element of truth to that.

No, Kansas is broke because we are broke. Kansas is hurting because we are hurting.

Income tax collections are down because people are out of work, others are not making as much as they once were and businesses are suffering in this, the worst recession since the Great Depression.

Sales tax collections suffer because we are buying less.

If there's no money out there to tax, the state will be poor. In fact, Kansas was doing fine despite the tax breaks passed over the last 10 years — as long as the economy was growing.

The state had so much money, it could — and did — spend more and more every year, with expenses growing far faster than the rate of inflation.

Over the years, the state eliminated sales taxes on farm and manufacturing machinery. It gave breaks to the elderly and the poor. It spent even more on higher and higher school budget and more social programs because the dough kept rolling in.

When the economy went south, of course, this had to stop. Then came the cry to eliminate all the "loopholes" in the tax

structure. You know, the other guy's tax breaks. For when it comes to tax policy, everybody benefits from part of it. And no one wants to lose their personal tax break. That represents "sound fiscal policy."

That's why when the Legislature decided to close tax breaks, it started with one we all get – home utility bills.

The idea apparently was that special interests, such as farmers, have more pull than everybody. So much for that idea.

There is something wrong with the state's tax system, however, when you realize that, according to a 2006 study, only 7 percent of Kansas property and 24 percent of Kansas sales actually are taxed.

Ed Flentje, a professor of political science at Wichita State University, proposed a "tax-break commission" similar to the base-closing commissions which review military installations. It would comb the state's tax structure and propose changes.

His colleague in the "Insight Kansas" column, Fort Hays State professor Chapman Rackaway, went one step further: he proposed just eliminating tax breaks and instituting a "flat tax" for the sales tax. Doing so, he estimated, would mean the rate could be reduce from 5.3 percent today to just 1.9 percent.

Applying the sales tax to services, which today are not taxed, would more than close the state's "revenue gap" next year.

Who could complain? Rackaway said free-market believers should be happy to see the state get out of the business of deciding which activities to favor. Everyone should benefit from the simplicity.

Of course, the same logic could apply to the income and property taxes. Just tax everyone and everything a little.

Even Girl Scout cookies, churches and hospitals, rich and



"... and the MASSIVE HEALTH CARE REFORM BILL ACTUALLY <u>REDUCED</u> the DEFICIT and THEY ALL LIVED HAPPILY EVER AFTER. THE END."

Early spinach sparks garden stories

I know bragging will get you in trouble, but I couldn't help it.

I was telling everyone last week that we had had a spinach salad out of our garden before the 15th of March.

It's pretty amazing, really.

Late last summer, after I pulled a bunch of corn stalks, I planted two rows of lettuce with a row of spinach between. We enjoyed several salads of baby spinach and lettuce before the snow and ice covered the garden and froze in place the small fence I put up to protect the crop from the dog.

All winter long, it sat there, a small fenced enclosure in the middle of the garden, a leafand-lawn-clipping-covered square. When it wasn't buried in snow, you could see the little, frozen (I assumed) spinach leaves sticking up.

Then a couple of weeks ago, Steve came into the house munching a baby spinach leaf. The crop, he claimed had survived and was growing again.

The next day, I was able to harvest enough tiny leaves off the spinach for a couple of salads — the first produce of the 2010 garden.

My bragging after a meeting the other night May had moved, he expected to find more as-



salads of baby spinach and lettuce before the led to a discussion of gardens and unrelated snow and ice covered the garden and froze in topics.

My friend May noted that the first time she spotted a typographical error in *The Wall Street Journal*, it had been in a gardening/cooking section.

She said it must have been 10 or 15 years ago, but she still remembers reading about how to fix rhubarb stocks.

She still giggles at the thought of cooking stocks and perhaps bonds instead of stalks.

Steve claimed that they didn't cook the rhubarb, they just locked up the bad stalks in the stocks. But then, he also admitted, he doesn't much like rhubarb.

Another man grinned and noted that since May had moved, he expected to find more as-

paragus in his patch this year. May just smiled and said that she still knew where he lived, and even though she didn't live next door anymore, that patch was still in danger.

I enquired where this productive asparagus area was located. My own asparagus patch has not been doing well lately, and it might be nice to have a backup patch, er, plan.

Actually, I do have a backup plan. I'm starting a new patch on a different side of the house. The one I had started out was fine, but a small tree nearby has grown so over the past 10 years that it gets too much shade now.

So now all I have to do is dig out an iris bed on the south side of the house, spade it up, plant some asparagus roots and not worry about getting my exercise for a week or so afterward.

And, I still have to figure out how to get the garden rototilled without killing that row of spinach in the middle.

Cynthia Haynes, co-owner and chief financial officer of Nor'West Newspapers, writes this column weekly. Her pets include cats, toads and a praying mantis. Contact her at c.haynes @ nwkansas.com

Stealing farm safety net won't fix budget

U.S. Sens. Saxby Chambliss (R-Georgia), ranking member of the Senate Agriculture Committee, and Pat Roberts (R-Kansas), sent this letter to the President opposing budget



further cutting the safety net will have a dubious impact on the deficit and efforts to reduce the debt. However, it will at the same time undercut one of your key strategic goals in as-

poor, corporations and small businesses.

The idea has merit. Rates would be low and fair. Only accountants and tax lawyers would be out anything, and they'd find ways to make money.

Too good to be true? Probably. – Steve Haynes

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cuts to farm programs in a tough economy:

As Congress directs its attention to the fiscal year 2011 budget, we write to voice our opposition to cuts in the farm safety net. Cutting farm programs in the midst of an economic downturn sends the wrong signal to rural America. While we agree that fiscal restraint is necessary and spending in the Federal budget should be reduced, doing so in this manner places a disproportionate burden on the backs of farmers, ranchers and rural communities and fails to recognize the recent sacrifices these constituencies made to expand nutrition programs during the reauthorization of the 2008 farm bill.

In 2008, the Congress passed a fiscally responsible farm bill that did not add to the deficit and included more than \$7 billion worth of cuts to farm and the crop insurance programs to increase spending in nutrition assistance for needy Americans. The farm bill represents a commitment to our rural communities, and we have an obligation to fulfill our obligations to our farmers and ranchers who depend on this legislation to make business decisions. Reducing our level of commitment with the proposed budget cuts to the farm safety net jeopardizes their economic sustainability and would cost jobs in rural America.

The fiscal year 2011 budget for the Department of Agriculture includes mandatory spending reductions totaling \$812 million for fiscal year 2011 and total savings over a ten-year period exceeding \$10 billion. Secretary Vilsack states it would be an 'improper conclusion' to assume the mandatory spending reductions are linked to a corresponding increase in spending for reauthorization of the child nutrition programs. Last year, we took issue with comments that pitted nutrition spending against farmers and ranchers. We do so again this year as well as proposals that increase discretionary spending with equal reductions in mandatory programs.

The spending on mandatory farm programs represents only 0.17 percent of the Federal budget and a mere16 percent of mandatory outlays at the Department of Agriculture. In contrast, food and nutrition assistance is estimated to be 82 percent this year, increasing to 86 percent through the middle of this decade. Since farm programs represent such a small and decreasing portion of the Federal budget, sisting rural communities to create prosperity so they are self-sustaining, repopulating, and economically thriving.

Both programs are counter-cyclical in nature and changes were fully paid for in the 2008 farm bill. The farm safety net has been declining as a share of mandatory spending for the past five decades and will continue to do so in the years ahead. We believe we should honor the commitments made in the farm bill to rural America and those producing the world's safest, most abundant and affordable food supply. Making further reductions in these programs would be counterproductive, especially so soon after passing the farm bill.

We look forward to working with you on reining in government spending, reviewing the budget at the Department of Agriculture and retaining the commitments the Federal government has made to rural and urban communities alike.

The letter was also signed by Sens. Thad Cochran (R-Mississippi), John Thune (R-South Dakota), James Risch (R-Indiana), Lindsey Graham (R-South Carolina), Mike Crapo (R-Indiana), Kay Bailey Hutchison (R-Texas) and David Vitter (R-Louisiana).

Where to write, call

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U.S. Sen. Sam Brownback, 303 Hart Senate Office Building, Washington, D.C. 20510. (202) 224-6521

U.S. Rep. Jerry Moran, 2202 Rayburn House Office Building, Washington, D.C. 20515. (202) 225-2715 or Fax (202) 225-5124

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