

Kansas City Star article – March 21, 2010

Budget battle in Kansas Legislature pits big spending cuts against new taxes

By JEANNINE KORANDA

The Star's Topeka correspondent

TOPEKA | When the Kansas House and Senate start debating their budget proposals this week, they will be wrestling with two very different approaches to the same problem.

The challenge is how to close a widening budget shortfall of about \$470 million for fiscal year 2011, which starts July 1.

Gov. Mark Parkinson, a Democrat, said deeper cuts to state agencies would cause irreparable harm. He proposed increasing the state sales tax and taxes on cigarettes and tobacco products to close the gap.

House Republican leaders have strongly resisted any tax increases. On Thursday, the House Appropriations Committee approved a \$5.1 billion budget for 2011 that relied entirely on cuts.

Opponents, including Democratic leaders, decried the proposal, saying it balanced the budget on the backs of schoolchildren. Under the House proposal, public schools would receive about \$172 million less than in the current budget, although state education spending would stay the same. The drop is because federal stimulus money is ending in 2011 and the House proposal would not replace it.

School boards would have the option of raising local property taxes to get more money.

School officials aren't the only ones saying cuts aren't the way to go.

"I don't think you can cut that much out of the budget without devastating everything," said Sen. Jay Emler, a Lindsborg Republican who is chairman of the Senate Ways and Means Committee. "I just can't imagine that all cuts are going to be acceptable to enough people in the House."

The Senate will consider a plan that cuts \$86.6 million — most of that from the Kansas Health Policy Authority and state Social and Rehabilitation Services — and plans to fill the remainder of the gap by raising taxes or eliminating sales tax exemptions. Even those minimal cuts will affect the state, said Sen. Carolyn McGinn, a Sedgwick Republican who is vice chairwoman of the Senate Ways and Means Committee.

The cuts include mental health grants, community independent living, Meals on Wheels, and grants for physically and developmentally disabled Kansans. The responsibility for funding those services will fall to local communities. Cutting mental health grants, she said, will mean that more mentally ill people could end up in local jails.

"All of those programs are cut and will now go back to the local communities," she said.

People who say "just cut spending" don't seem to realize how many of those programs — including hospice services and help burying indigent people — help the local communities, she said.

But at this point in the process, lawmakers seem to have little appetite for raising taxes or eliminating sales tax exemptions.

A bundle of tax increases on soda, alcohol, cigarettes and sales tax failed Thursday in the Senate Assessment and Taxation Committee. Earlier, House lawmakers had postponed debate on a bill that would have eliminated state sales tax exemptions, including those for residential utilities and churches.

Republican leaders in the House point to those two moves as evidence that elected officials aren't really ready to raise taxes, so cutting is the way to go.

"Most lawmakers are hearing from their constituents that raising taxes in this economic climate would simply make matters worse, slow down the economy and unemploy more people," said Rep. Kevin Yoder, an Overland Park Republican who chairs the House Appropriations Committee. "They would like to see legislators roll up their sleeves, do their job and balance the budget without a tax increase."

Emler said he wasn't worried by the lack of a tax bill. This week the budget debates will move to the full House and Senate. People who hadn't spent as much time looking at the numbers as the Ways and Means Committee will have their crack at the budget.

"We'll see if they have the stomach to cut, and where, if that may be," he said.

If there are ways to balance the budget without raising taxes, Sen. Les Donovan, a Wichita Republican who is chairman of the Senate Assessment and Taxation Committee, said he would like to see them. He said that tax increases should be avoided unless absolutely necessary, but he doesn't see a way to avoid a tax increase.

Even those opposed to raising taxes say the issue will be debated.

There is enough support for a tax increase that the issue will be debated on the Senate floor, said Senate Majority Leader Derek Schmidt, an Independence Republican.

"This is still a choice among bad options. What we are witnessing playing out here is a delicate testing of those options," he said.

Many people agree that the struggles to find a budget combination that a majority will vote for could prolong the 90-day session. Some are even suggesting lawmakers might leave Topeka at the end of the regular session on April 1 without passing a budget bill. If that happened, they would have to pass something during the wrap-up session, which begins at the end of April.