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Impact of Massive Tax Cuts on Kansas Offer Warning to Missouri *Tax Cuts Have Failed to Boost Economy, Harmed Schools and Other Services*

As Missouri considers large tax cuts that proponents indicate will help Missouri compete with Kansas, a new report shows that following in Kansas' footsteps is a bad idea.

Kansas' massive tax cuts have deepened the damage done by the recession to schools, colleges and universities, and other key services and have failed to improve the state's economic performance, according to the new report from the nonpartisan, Washington, DC-based Center on Budget and Policy Priorities.

Like Kansas' cuts, proposals in Missouri would be costly -- costing the state anywhere from \$300 million to more than \$1 billion a year when fully implemented -- and would have devastating effects on Missouri's ability to fund education, mental health, public safety, and other services. While Missouri has recently begun to restore funding for services that were cut in the recession, tax cuts would instead require further cuts.

"Kansas' tax cuts have failed to provide the so-called shot of adrenaline to the state's economy, and have left schools and other critical state services starved of the resources to meet the needs of residents in the years ahead," said Amy Blouin, Executive Director of the Missouri Budget Project, a nonprofit public policy analysis organization that analyzes state budget, tax, and economic issues. "The message is clear: Missouri does not want to be the next Kansas."

The report examines Kansas' performance on a number of measures in the first year after the tax cuts there took effect. It finds:

- **Economy:** Job growth in Kansas has been slower than in the country as a whole since the tax cuts took effect and its labor force has actually shrunk during that period. The number of new businesses in Kansas grew *more slowly* last year than in the year before the tax cuts took effect.
- **Education:** Kansas' huge tax cuts have left the state's schools stuck in the recession and continuing to decline. School districts across the state have had to layoff teachers and counselors, and cut programs for students since the recession hit.

- **Other key services:** Kansas' colleges and universities, courts, local libraries, health departments, and other key services that help make communities healthier, safer and more livable – all important factors in attracting businesses and boosting long-term growth – also face a continued decline in state funding despite the end of the recession.

“The long run effects of the Kansas tax cuts are extremely troubling,” said Michael Leachman, director of state fiscal research at the Center on Budget and Policy Priorities and co-author of the report. “High-quality schools and colleges are a crucial building block of economic growth. They determine the quality of the state’s future workforce and shape the minds of future leaders and entrepreneurs. By shortchanging these priorities, Kansas – and any state that follows in its footsteps – is setting itself up for trouble down the road.”

“Missourians deserve better than the empty promises of tax schemes that have failed in Kansas,” said Blouin. “Missouri should promote real long-term economic growth by investing in quality pre-k through higher education, state of the art infrastructure, and stable communities – what businesses really need to thrive.”

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The Center on Budget and Policy Priorities' full report can be found at <http://www.cbpp.org/cms/index.cfm?fa=view&id=4110>.