**Baker Briefs Week 8 – March 8**

   The House and Senate continued to be held hostage by those seeking higher office and a loyal group of misguided supporters as the eighth week of the legislative session drew to a close. It’s time to for them to stop being self-centered and to do the job to which they were elected by the fine people of Kansas. The current system is not working in Washington, D.C., and it is certainly not working in Kansas. The legislative process has been hijacked by the uncontrolled spending of special interest groups. There will be an election in the months ahead and changes will be made. Expect an ugly campaign season filled with false accusations that will garner headlines. Old Proverb: "Stupid people think they are always right. Wise people listen to advice."

  The House Tax Committee continues the process of hearing proposals on how to give money away. Revenue has exceeded estimates this year, and special interest groups are lining up for more money by proposing decreases in their taxes.  My personal observation is the additional funds will disappear in the next report since economic growth is slowing. The committee heard presentations to reduce taxes on 33,000 Kansans receiving Social Security and who have annual incomes exceeding $75,000. This proposed change would reduce state revenue by an estimated $30 to $60 million dollars a year. We heard from proponents about the need to reward this group, with opponents lamenting this is a segment of the population doing okay without a reduction in taxes. I was surprised by the number of Kansans who have this level of income. The discussion continues and there will be a committee vote, which may have an impact on campaign contributions. It’s an election year and giving money away is popular.

  A hard-driven proposal to tax digital products is under fire as those who have benefitted from more than 20 years of not paying taxes come out of the woodwork. Digital goods are Internet sales of newspapers, music, books, subscriptions, magazines, movie tickets, etc. This is another part of the Internet that should be taxed. Store owners who built this great state are spending an unsustainable amount of taxes to support these out-of-state operators. Currently, 65 percent of the states in the U.S. tax these items, with the number expected to escalate to 85%. Opposing groups sounded the alarm about the negative impact of high taxes in Kansas and are preaching that all taxes are bad. They were reminded of their past support of the failed Brownback tax experiment. The legislature was duped into giving exemptions it could not afford and the tax burden on those who pay has become too large. The trickle-down flow of money didn’t trickle very far. Technology is changing the way we conduct business and provide services at a rate faster than most of us can imagine. Not including these items in the tax base is costing more than $50 million a year in lost sales tax revenue and more local stores closing every day.

  The spread of the coronavirus is wreaking havoc on many industries and state budgets in creating unexpected and unforeseen changes. The losses in the markets are not isolated to real estate, stocks and bonds.  Commodities are suffering, too. I will not support giving away state dollars with permanent tax exemptions unless there is a solid a plan on how to reverse the actions, if necessary. The disaster of the last administration is still being felt throughout Kansas and the results of those actions will continue to negatively echo in the state for many years to come. It has cost Kansans billions of dollars and the suffering continues while many of our friends and families have decided to relocate to other states.

  March Madness is underway and Kansas teams will be competing to bring home more championships. Snacks and drinks of questionable nutritional value will be consumed in record amounts. I’m not a medical expert, but I saw a report this week that more than 115 people died at the gym and only one person died from eating a doughnut. Enjoy the games and stay in touch with questions and suggestions.  Dave

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