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Improving Kansas Economically

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For too many years the Kansas economy was static with a significant number of people leaving Kansas and a smaller number moving into the state. It was time to address the static economy and move forward with a new aggressive approach to provide Kansans a brighter future.

One strategy was to reduce the tax burden on Kansas families and businesses, particularly job creating small business. We have also been aggressive in retaining and attracting large businesses to our state.

We reduced tax rates for all income levels. Since 70 percent of Kansans use a standard deduction, instead of itemizing, we enlarged standard deductions for married filing jointly and single head of households. We retained the largest earned income tax credit in the region and provided a food sales tax credit. Kansas went from being the second highest income tax rate in the region to the second lowest.

While it will take time to realize the full results of this policy, along with other actions, there are several positive indicators of improvement.

Kansas has gone from a 6.8 percent unemployment rate in 2011 to a 4.9 rate as of August, one of the lowest in the nation and beating the national average of 5.9 percent, a good indicator of job growth. Kansas is second in the nation in job growth from new and expanding businesses, according to the U.S. Bureau of Labor Statistics.

In the last quarter of 2013, Kansas saw a large increase in our Gross Domestic Product, which surpassed the national average and all but one state in our region according to the U.S. Bureau of Economic Analysis.

According to the *Kansas Economic Outlook*, produced by Creighton University Dr. Ernie Goss, a leading and respected source of economic analysis the Kansas economy expanded to a healthy and nine-state regional high in September beating Iowa, Nebraska, Missouri and Oklahoma. Likewise, from August 2013 to August 2014, wages expanded to a healthy and regional high and are expected to remain healthy for the last quarter of 2014.

So many times multi-year projections are used to talk about state revenues. Projections more than a year in the future are like trying to predict the weather on any long range forecast; the projections are likely to be inaccurate. As an example, in 2012 when the tax policy was passed, it was projected at the end of fiscal year 2014 we would have a \$242 million deficit. Two years

later we ended fiscal year 2014 with \$434 million cash on hand. A stunning \$676 million positive swing in revenue!

We are only three months into fiscal year 2015 and we have taken in over \$1.3 billion in state general fund tax receipts and are 1.7 percent or \$23 million under estimates.

The Governor is committed to managing a fiscally responsible, efficient state government while funding our core responsibilities. Kansans now have more money in their pockets to spend, invest or save. We believe the private sector, including Kansas families, know best how to handle their hard earned income.

Written by: Nick Jordan, Kansas Secretary of Revenue