



## AMERICANS *for* TAX REFORM

Kansas State Capitol  
6425 Southwest 6th Avenue  
Topeka, Kansas 66615

Dear Legislator,

I write to you today in opposition to Governor Brownback's proposal to increase taxes on tobacco and alcohol products contained in his budget. Increasing the state cigarette tax from 79-cents to \$2.29 per pack represents a 190% increase in the tax rate on mostly middle and lower class consumers. Increasing the state tax on liquor from 8% to 12% would have a detrimental impact on many of Kansas's small businesses who are reliant on liquor revenue – small businesses that the 2012 and 2013 tax reform legislation was designed to help and grow.

The fact is, so called “sin taxes” like the cigarette tax and alcohol tax disproportionately impact consumers who can afford the tax increase least. A pack-a-day smoker would end up [paying an extra \\$547.50 in taxes](#) a year. Kansans living along the Missouri border may opt to avoid the tax altogether by purchasing their tobacco products in Missouri – where the tax would be lower. If consumers flock to businesses across state lines, they may make other purchases while shopping for tobacco – hurting the bottom lines of Kansas retailers.

Additionally, banking on “sin taxes” as a means of stabilizing state revenue is a dangerous strategy as more often than not, they prove to be declining sources of revenue. John Barnes, writing for the Washington Policy Center, noted Washington State's disastrous experiment of relying on “sin taxes” for a 12% increase in state spending. [Barnes notes](#): “But actual collections under I-773 have been \$2.5 million less than expected. Cigarette sales decline about 1% or 2% each year. Raising the tax pushes consumers to seek cigarettes out of state or from Indian reservations, or it cuts how much they buy. The state Department of Revenue estimated \$220 million in lost revenue in 2003 due to people buying cigarettes via semi-illicit or downright illegal means.”

States should aim to increase spending at the rate of inflation and population growth. Using those metrics Kansas has over-spent by about \$12 billion between 2000 and 2009. That's an over one-billion-dollars-per-year overspending problem. That data point alone should put to rest any claims that there is no room to cut from the state budget.

Rather than rely on regressive and unstable sources of revenue like cigarette and alcohol taxes, I would encourage you to consider solutions like those proposed by the Kansas Policy Institute [and their 5-year state budget plan](#). Under KPI's calculations, state spending could increase at a reasonable but constrained rate while continuing to implement the 2012 and 2013 tax reforms as written in statute, not raising taxes, and producing healthy ending balances.

Unpredictable and unstable revenues are not the solution for Kansas. A comprehensive budget plan that reforms state spending and eliminates waste – much like that proposed by KPI – is what Kansas needs.

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**AMERICANS**  
*for* **TAX REFORM**

Onward,

Grover G. Norquist  
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