

Testimony to Governor's Tax Council
November 14, 2019
Sister Therese Bangert
Sisters of Charity of Leavenworth

It is a privilege for me to be here this morning sharing one of my favorite policy discussions – the tax policy that recognizes the low-income wage earners and the vulnerable people among us.

Along with the Co-Chairs of this Council, I was around in 1998 when the tax relief bill was being hammered out in the Legislature. That Legislative Session was my introduction to tax policy and the impact it has on the common good. My part in the 1998 discussion was to advocate for a refundable Earned Income Tax Credit (EITC). The final version of the Bill included the credit at a rate of 10% of the Federal EITC.

Part of my advocacy through the years has been to lift up this refundable credit. When it has been threatened by repeal I brought to the attention of legislators the importance of this policy both for parents who receive it and for communities where the refundable credit is spent. I have maintained that when the state puts an extra \$300 in the pocket of a parent with children the majority of that money is spent in the local economy. I have also reminded legislators that this credit is determined only by earned income reported on a W-2 or 10-90. Recipients must file their tax return and the Department of Revenue calculates the refund amount by determining the percentage of the Federal Earned Income Credit. The current percentage is 17. The process is not labor intensive.

AFFIRMATIONS for the EITC:

Warren Buffett:

In an April 2019 interview on the challenges of tax and income inequality, the famed investor and money maker, pointed out the Earned Income Credit's ability to enhance the quality of life for low-wage earners and their families. Mr. Buffett added that he saw this credit as the best way to put money in people's pockets. The 3-minute You Tube video would be worth your watch.

Ronald Reagan: President Ronald Regan called the Earned Income Tax Credit (EITC) *"the best anti-poverty, the best pro-family, the best job creation measure to come out of Congress."*

Simpson-Bowles: I am trusting that some of you remember the National Commission on Fiscal Responsibility and Reform. This working group convened in 2010 by President Obama was tasked with identifying **"policies to improve the fiscal situation in the medium term and to achieve fiscal sustainability over the long run"**. It was led by Alan Simpson and Erskine Bowles. (I note that their task had similarities to your own.)

One of the Commission's four tax reform goals was to "maintain or increase progressivity of the tax code". I quote **"Reducing the deficit will require shared sacrifice, those of us who are best off will need to contribute the most. Tax reform must continue to protect those who are most vulnerable and eliminate tax loopholes favoring those who need help least."** The final report in December of 2010 affirmed the importance of the EITC.

Kansas Tax Revenue vital for Kansas Children in Poverty:

Along with an awareness of tax policy that considers people in poverty or near poverty, good tax policy must always consider providing resources that provide a healthy environment for all Kansans to achieve their potential and enjoy a dignified life. Two recent experiences I have had are examples:

- Just last week I attended a meeting at the Department of Children and Families (DCF) in Kansas City. They invited members of the community to introduce TDM or Team Decision Making. TDM is a process connected with child protective services. If Child Protective Services determine that a child is in an unsafe environment a meeting will be called within 24-72 hours. Meeting participants are the child's parents or caregiver and anyone the parents wish to invite, the child if that child is over 10 and it would not be emotionally damaging, DCF staff, and any agency staff and community partners DCF invites to help plan for the child's protection. A decision will be made within this meeting. For Kansas, this is a totally new process. Wyandotte County is one of the first areas to begin the TDM.
- During the legislative session, Kansas Action for Children invited legislators and advocates to view "No Small Matter". This film describes the development of the child's brain from birth through five years old. It was fascinating and delightful. It was also frustrating because the amazing pre-school teachers who starred in the documentary, had part-time jobs to supplement their income. And as disturbing, both were leaving this work because they could not afford to do it.

These are just two examples – I like to be practical – of programs for Kansas children and Kansas families that are important to the health of our State. The Federal Government provides assistance for programs such as SNAP (Food Stamps), Temporary Assistance to Needy Families, Child Care, Medicaid. The state must have both the will and the resources to draw down these funds to assist vulnerable families.

This summer I was invited along with Secretary Lee Norman to Atlanta. The Center of Disease Control Foundation called together people from 5 states to discuss the importance of a state refundable EITC. Those of us from Kansas got invited because we have a state refundable credit. We were asked to share how that happened. The CDC Foundation understands the impact of poverty on health.

Food Sales Tax:

I am not a promoter of the food sales tax. At the same time, I am clear that at this time the fiscal reality of Kansas Government does not allow us to just take away the resources it provides. Not so long ago Kansas had a refundable food sales tax credit. The refund received depended on one's annual income and was targeted to low income households. I suggest that this be considered again.

Conclusion:

In 1998 Governor Graves spoke of the \$250 million tax relief bill as having something in it for everyone and thus the bill exhibited **fairness**. Simpson-Bowles challenged "**Tax reform must continue to protect those who are most vulnerable and eliminate tax loopholes favoring those who need help least.**"

My Faith brought me to these policy halls in 1987 and my Faith keeps me here. I believe that Our God has given an abundance and it is our task to see that the abundance serves everyone – especially the least of these. Tax policy is one way the abundance is shared.

As Kansas faces the challenges of tax policy and you as leaders are about the challenge of making recommendations, I believe our beloved Pope Francis has some wise words.

The need to resolve the structural causes of poverty cannot be delayed, not only for the pragmatic reason of its urgency for the good order of society, but because society needs to be cured of a sickness which is weakening and frustrating it . . . Inequality is the root of social ills.

(The Joy of the Gospel #202)

Sister Therese Bangert treetop1945@gmail.com