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Senate OKs sales tax increase

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TOPEKA — The Senate approved a 1-cent sales tax increase late Thursday to support a budget that preserves spending for schools and social services.

If the House also approves, the state sales tax would rise to from 5.3 percent to 6.3 percent on July 1. The average Kansas family would pay \$266 a year in additional taxes.

After three years, the tax would be scaled back to 5.7 percent with 0.4 percent going to the state highway fund to pay for road projects.

The proposal, which would raise about \$314 million in new tax revenue, passed 23-17 after five hours of debate.

The House, which rejected a budget with no tax increase earlier this week, will take up its alternate budget proposal today. It also would require a tax increase.

Gov. Mark Parkinson, who said a sales tax increase was needed to prevent devastating budget cuts, praised the Senate's vote.

"These leaders stood up, and protected those things which make our state great: quality schools, safe communities and a society that does not turn its back on those most in need," he said in a written statement.

But others decried the action.

Sen. Susan Wagle, R-Wichita, who voted against the increase, said that raising the sales tax would drive Kansans to shop in other states with lower sales taxes.

"Let's just leave Kansas. Let's forget about buying food in Kansas," she said noting that several surrounding states exempt food from their sales tax.

The Kansas sales tax is levied on food, clothing and most other purchases.

"It's a major step forward in the process," said Senate President Stephen Morris, R-Hugoton. "It's been a long session and a lot of things have been different this year. We've never experienced the kind of shortfalls in revenue we've had this year."

Before passing the bill, the Senate added a provision to increase the earned income tax credit to 18 percent from 17 percent to ease the impact on poor people. The provision will end after three years.

The bill allows contractors who have signed a contract by May 1 to exempt that project from the sales tax increase.

Senate Minority Leader Anthony Hensley of Topeka contended the tax increase was needed to maintain government safety nets that protect the poor, elderly and disabled.

"It's life or death for some people, and I know that is hard for some of us to relate to, but it is real," he said.

Sen. Ralph Ostmeyer, R-Grinnell, said he voted yes to protect his rural communities, which are lacking jobs, lacking people and lacking money.

"I'm being selfish by saying I need some money, but we are part of Kansas," he said. "Please don't penalize me out there because we don't have a lot of people."

Parkinson praised those who voted yes for putting politics aside and voting "for the common good."

Lawmakers have reduced state spending by more than \$1 billion. They split over more cuts, with some saying the time had come to raise taxes and others arguing for further cuts.

Before voting on the tax package, senators opted not to keep a business tax deduction worth about \$17 million.

Senators also debated — and rejected — several other suggested amendments.

One would have created a weeklong tax holiday for firearms purchases. During the first week of July, gun buyers would not have had to pay the state's sales tax.

Sen. Terry Bruce, R-Hutchinson, called the bill Second Amendment friendly and "a win for the state," but senators rejected it.

Shawnee Republican Sen. Mary Pilcher Cook suggested scaling back the proposed sales tax increase to 0.9 percent and instead adding a sales tax on abortion services.

"If you want less of something, you tax it," she explained.

Lawmakers also rejected a proposed tax increase on cigarettes and tobacco products that was larger than anything previously proposed.

Sen. Roger Reitz, R-Manhattan, a physician, said his idea would help raise revenue and "it helps put our grandchildren less at risk for becoming addicted to tobacco."

His proposal would have added \$1 to Kansas' 79-cent tax on a pack of cigarettes and increased the wholesale tobacco tax from 10 percent to 70 percent.

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