

Guest Voice: Kansas' economic experiment floundering

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Trickle-down economics just won't go away. The myth that tax cuts for the wealthy pay for themselves with growth that benefits rich and poor alike endures, like the fairy tale of Rumpelstiltskin spinning straw into gold.

Last week, Kansas Gov. Sam Brownback, who sold this myth to his Legislature in 2012 and 2013, finally admitted that he has a big budget problem. He didn't acknowledge the reason: Kansas has been the national laboratory for trickle-down economics. Not since Dr. Frankenstein's has any laboratory produced such disastrous results.

Brownback wants the Legislature to raise liquor and tobacco taxes and make other fee adjustments to raise \$377 million over two years. He wants to sell Kansas' future \$1.8 billion in proceeds from the nationwide tobacco settlement for a discounted \$600 million in cash up front. And he wants to "borrow" money from the state's highway fund to help plug a \$900 million, two-year budget gap.

He would not fix the biggest problem, the elimination of income taxes for owners of pass-through corporations, such as limited liability corporations, partnerships and IRS subchapter-S corporations. Brownback freed them from income taxes, assuming they'd reinvest and grow the economy.

Instead the state discovered the reality that more than 90 percent of all corporations are set up as pass-through entities, meaning their owners weren't paying their fair share. The state's highest-paid employee, University of Kansas basketball coach Bill Self, was avoiding taxes on the bulk of \$3 million income because he'd incorporated as a limited liability corporation, or LLC.

The tax cuts haven't helped Kansas, much less provided the "immediate" economic boost promised by economist Arthur Laffer (of the eponymous Reagan-era "Laffer Curve") and the Cato Institute's Stephen Moore. St. Louis' own Rex Sinquefield, the retired investor and anti-income-tax crusader, also promoted Brownback's tax cuts.

Sinquefield then turned around and tried to sell them to Missouri, arguing that neighboring Kansas would steal Missouri jobs. The Missouri legislature responded with a kind of "Kansas Lite" tax cut in 2014, a half-percent cut in the income tax rate that will phase in over five years. It's a big part of why the state is looking at a \$500 million budget deficit next year.

It gets worse. Back in December, Brownback and his band of trickle-downers tried selling the Kansas plan to President-elect Donald Trump's economic advisers. Trump and the Republican

Congress like the idea of preferential tax rates for business owners whose business income is treated as personal income. It's been estimated that Trump's plan would add \$10 trillion to the national debt over 10 years.

Call it "supply-side" or "trickle-down" or "Trumponomics," it's a gift to the few at the expense of the many. And it doesn't work. George H.W. Bush had the best name for it: "voodoo economics."