



AMERICANS *for* TAX REFORM

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President

Statement of Grover Norquist, President of Americans for Tax Reform

submitted to the

House Tax Committee

on HB 2737

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My name is Grover Norquist and I am the President of Americans for Tax Reform, a national taxpayer advocacy group located in Washington, D.C. I would like to thank you for the opportunity to submit testimony in opposition of HB 2737.

Raising taxes is only a way to paper over the need to set budget priorities rather than a solution to all of the state's funding woes. Just as taxpayers cannot print more money when they spend more than they earn, state governments must make responsible fiscal decisions and undertake real reform.

Experience shows that tobacco tax increases encourage illegal activities, including tax evasion, smuggling and buying and selling on the black market. Given that Kansas's current tax rate on tobacco products is 50 cents higher than in neighboring states, the temptation to purchase products across the border will be substantial. In particular, if HB 2737 were to pass, a carton of cigarettes would cost \$5 more in Kansas than in neighboring Missouri.

In general, higher taxes will deter businesses from thriving in Kansas. Higher taxes on consumers will threaten a strong economy and only further disable one that is weak. According to a study by the Small Business and Entrepreneurship Council, New York City lost \$127 million in profits for small businesses and some 10,000 jobs when it raised the tobacco tax. Eighty-eight percent of small businesses reported that they were hurt by the tax increase. This unnecessary tax increase will only remove additional money from the hands of small business owners and families who contribute greatly to the overall economic success of the state.

According to a study by Americans for Tax Reform Foundation, Kansans worked 186 days to pay off their share of the total cost of government spending and regulation last year. If this tax increase passes, the burden would only become heavier.

I urge you to oppose HB 2737. Not only would a tax increase be lethal to taxpayers and the overall Kansas economy; raising taxes is what you do when you don't govern.