



AMERICANS for TAX REFORM

Grover G. Norquist
President

Statement by Grover Norquist
President of Americans for Tax Reform

submitted to the

Kansas House of Representatives
Committee on Energy and Utilities

regarding

House Bill 2711

February 7, 2008

1920 L Street NW

Suite 200

Washington, DC

20036

T: (202) 785-0266

F: (202) 785-0261

www.atr.org

Thank you Chairman Holmes, Ranking Member Kuether and Members of the Committee,

My name is Grover Norquist, and I am president of Americans for Tax Reform, a national taxpayer advocacy organization based in Washington, DC.

I am here today to submit testimony in opposition to House Bill 2711, which has been cross-filed with Senate Bill 515.

While these bills may have been a well-intentioned effort to broker a compromise addressing last year's rejection of the Holcomb air permit, this compromise contains several provisions which are extremely damaging from a taxpayer's standpoint, and would have lasting disastrous ramifications for businesses and consumers alike.

First and foremost, these bills would put in place statutory emission caps coupled with a punitive first-in-the-nation carbon tax. The cost of this tax on fossil fuels will be passed on to consumers, in the form of higher rates for electricity, and increased cost for goods manufactured in Kansas. Those hit hardest are the ones who may be least able to afford these added costs - most notably the poor, senior citizens, and those on fixed incomes.

The history of taxation is riddled with taxes that were once codified into law under the assumption that they would only have a minimal effect, but, once on the books, they ballooned into massive burdens on taxpayers.

Some may argue that state would receive no additional revenue under the emissions threshold put forth by these bills.

One need look no further than the personal income tax. Put in place by the U.S. Congress in 1913 with rates beginning at 1 percent and rising to 7 percent for taxpayers with income in excess of \$500,000, the tax hit less than 1 percent of the population at the time. Today, almost 60 percent of the population is subject to the income tax.

Recently, the Alternative Minimum Tax, has gotten under immense fire precisely because of its morphing into a threat to millions of Americans' wallet. The AMT, too, was originally designed to capture a small number of wealthy taxpayers who were not captured by the income tax, affecting less than 1 percent.

The Spanish-American War Tax - the "temporary" 3 percent tax still on your telephone bill - provides another example, imposed in 1898.

Make no mistake, if this tax is put on the books, however little revenue it may generate in the beginning, it will stick around and ultimately balloon, and taxpayers are once again on the losing side.

Russian dramatist Anton Chekhov once observed that if a gun is hanging on the wall in the first act, it will always go off by play's end. The same applies here.

Businesses and investors faced with the decision of whether to locate or invest in Kansas will be greeted with a sword of Damocles hanging over their heads. There is no guarantee that the threshold will not be lowered, opening the floodgates for taxpayer dollars to rush into state coffers.

However, the carbon tax is not the only troublesome provision in this legislation. An additional burden on consumers and businesses would arise from statutory regulations contained in the bill, regulations that ultimately will drive up the cost of energy, and the cost of goods manufactured in Kansas.

Again, it will be your constituents who will feel the pinch: when they commute to work, drive their kids to school, shop for groceries, or do business.

By imposing absolute caps on CO₂ emissions paired with costly offsets, this energy compromise puts the legislature in the position of improperly picking winners and losers.

The bill also prohibits the expansion of new coal-fired merchant power plants, while granting exemptions for government utilities or cooperatives, thereby placing independent entities at a competitive disadvantage, and undercutting Kansas in the global economy.

Already, the cost of doing business is too high in Kansas. Every year, Americans for Tax Reform Foundation calculates "Cost of Government Day," the day of the calendar on which the on which the average American has earned enough in cumulative gross income to pay for his or her share of government spending (total federal, state, and local) *plus* the cost of regulation.

Kansans had to work 186 days of the calendar year – until July 5th - to pay for the combined cost of spending plus regulation. Increased taxation and regulation only stand to aggravate the situation and harm Kansas's competitiveness in the long run.

Businesses will think twice about investing and locating in Kansas, and the state can simply not afford to further jeopardize its competitiveness – be it in relation to other states, or foreign countries.

In sum, the long-term ramifications of this bill, which would set a bad precedent not only for the State of Kansas, but for the rest of the nation, lead us to urge you to reject HB 2511.

Rather than rushing a well-intentioned, but ill-conceived compromise this week, I urge you to vote against these measures and work towards drafting an energy bill that will allow for Kansas to thrive and prosper.

Thank you for allowing me to address your committee. I would be happy to address any questions that you might have.