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Kansas Senate Likely Won't Consider Soda Tax

John Hanna
Associated Press Writer - April 30, 2010

TOPEKA, Kan. (AP) — New proposals to raise taxes on Kansas businesses have surfaced, but a Senate committee wrestling with the state's budget problems doesn't appear likely to consider imposing a special tax on soda and sugary drinks.

Members of the Ways and Means Committee already were mulling proposals to raise sales, tobacco, liquor and even individual income taxes for wealthy families. A few senators floated a plan to impose a penny-per-teaspoon tax on the sugar in soda and other packaged drinks, but the main sponsor doubted it would get a serious look.

The list of options ahead of the committee's meeting Friday included proposals to reverse some tax breaks granted to businesses in previous years. The changes would increase their taxes by \$52 million for the fiscal year beginning July 1.

The committee has drafted a \$13.6 billion budget for the next fiscal year, but the spending would outstrip anticipated revenues by about \$500 million. The Republican-controlled panel wants to avoid trimming aid to public schools and social services, something Democratic Gov. Mark Parkinson also opposes.

Committee members expect a tax plan to emerge from Friday's discussions. Legislators are under pressure from educators and groups providing social services to raise taxes.

"The majority of Kansans would rather see legislators do the right thing," said Rocky Nichols, the Disability Rights Center of Kansas' executive director. "They like tax increases more than they like cuts to education and social services, particularly lifesaving services for seniors and Kansans with disabilities."

The proposed soda tax has the backing of public health advocates, but beverage bottlers and distributors have lobbied heavily against it. The measure would increase the cost of a 12-ounce can of regular soda by 10 cents.

Sen. John Vratil, a Leawood Republican who is the idea's main sponsor, said senators probably won't include it in a tax package this year.

"I think it's because it's new and legislators are not comfortable with that approach at this time," he said.

Some GOP senators such as Vratil agree with Parkinson that further spending cuts aren't responsible, but many Republican legislators worry that increasing taxes will hurt working families and slow any economic recovery.

And Kent Eckles, a lobbyist for the Kansas Chamber of Commerce, questioned the fairness of increasing the tax burden on businesses when many have been struggling. The proposed changes would hit manufacturing companies and firms that bought equipment before 2006.

"That's just piling on business folks," he said. "That's just shortsighted and doesn't make any sense."

The House Appropriations Committee has endorsed a budget that wouldn't increase taxes. It cuts aid to schools by \$86 million, but conservative GOP leaders believe schools can offset that by raising local property taxes or by tapping reserve funds. The plan also assumes the state will receive new federal money.

House committee Chairman Kevin Yoder, an Overland Park Republican, said Parkinson and others are providing "a false choice" between tax increases or severe budget cuts.

Yoder said that if legislators rein in spending this year, agencies will be pushed into finding efficiencies and won't be required to make drastic cuts in services.

"Everyone knows there's waste in government," Yoder said. "Do Kansans truly believe government is running as efficiently as it can?"

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