

SB 169 Veto and Rebate Announcement
Governor Laura Kelly Remarks
Elmont Elementary School (Seaman Schools)

Good morning, and thank you all for being here today.

Let's get right to it. I'm here this morning to announce that I will be vetoing House Substitute for Senate Bill 169. It's a tax proposal that would upend our current tax system by, among other things, creating a "flat tax," a regressive tax whereby everyone pays at the same rate regardless of ability to pay.

The reason I'm announcing this veto here at Elmont Elementary School is because there is no doubt: public schools would be the first to take a hit should this bill become law.

I've said it time and again—public schools are the very foundation of our state. Fully funding our schools has proven to be the smartest, best return on investment we can make in the future of our state.

Under the Brownback administration, our public schools were shortchanged time and time again. The Brownback "tax experiment" was a failed experiment. Our schools, our students, our teachers, our families, and every other everyday Kansan paid the price.

I ran for governor to get Kansas back on track, balance the budget, and fix our broken education system. And we have, with both parties working together to pass commonsense, financially responsible budgets and tax relief policies.

After years of deficits and budget mismanagement, we've now balanced the budget and fully funded our schools for four straight years. We also built up the largest budget surplus Kansas has ever seen, with more than \$1.6 billion in our Rainy Day fund.

And we did all that while delivering major tax relief to families, veterans, homeowners, farmers, and ranchers.

Unfortunately, some lawmakers are taking our strong financial position for granted.

They think that our record surplus is license to push through reckless legislation like this tax bill, not recognizing the reality that much of the surplus is one-time

money, doesn't account for upcoming expenses, and won't sustain a permanent change to our tax structure.

In simpler terms, some legislators are looking to drive us right back into the ditch we just climbed out of.

This bill would cost \$1.3 billion over the next three years. That's money taken directly from services everyday Kansans rely on—roads, affordable housing, and public schools like Elmont—and deposited right into the pockets of the wealthiest Kansans.

This is not speculation. The people who would benefit the most from the flat tax, by far, are Kansans making more than \$250,000 a year. Meanwhile, middle-class taxpayers would see less than \$8 per month in actual savings.

To pay for this plan, legislators are already proposing to slash this year's K-12 Education budget and divert millions of public school dollars to vouchers for private schools. Their plan would be particularly detrimental to rural school districts.

It's a throwback to the Brownback tax experiment, and we all know how that turned out.

I refuse to take us back to an era of chronically underfunded schools, four-day school weeks, crumbling roads and bridges, and crippling debt.

That's exactly what this bill would do, and that's why I'm vetoing it.

Now, I realize some people will question my decision.

I want to be very clear: I know people are hurting, especially with inflation and the rising cost of basic necessities. I want to cut taxes for everyday Kansans.

That was the whole idea behind the comprehensive "Axing Your Taxes" plan I released at the end of last year, which covered items like groceries, diapers, feminine hygiene products, school supplies, and Social Security.

But any tax cut we pass needs to be sustainable, fiscally responsible, and targeted towards the people who need it most. The bill I will veto doesn't check any of those boxes.

But I don't want the tax cut discussion to end here. So, today, I am not just vetoing House Substitute for Senate Bill 169. I'm also proposing a one-time tax rebate this year of \$450 for individuals and \$900 for married couples filing jointly. Unlike with SB 169, taxpayers would see relief immediately – beginning this summer.

This tax rebate is a way to put this one-time surplus back in the hands of taxpayers in a responsible way that doesn't put public schools and other critical services at risk in the future.

Lawmakers are returning to Topeka this week. Let's continue discussions with people on both sides of the aisle so that we can get this rebate out AND immediately eliminate the food sales tax.

Our constituents are depending on us, and I'm confident we can reach an agreement to provide financial relief to every Kansan. Thank you again for being here today.