

January 21, 2015

Senate Committee on Assessment and Taxation

Request for Introduction of Governor Sam Brownback's Tax Proposals

by Richard Cram

Chairman Les Donovan and Members of the Committee:

On behalf of Governor Sam Brownback, the Department of Revenue respectfully requests for introduction as Committee bills the following 2 proposals as 2 separate bills:

1. Provide for the tax reduction fund and budget stabilization fund; make certain adjustments to individual income tax rates; make certain adjustments to the individual income tax itemized deduction; provide a tax amnesty program

Amend K.S.A. 2014 Supp. 79-32,269 and replace existing provisions with provisions creating the tax reduction fund, effective beginning in fiscal year 2015, along with governing provisions.

Repeal the 7.5% ending balance requirement in K.S.A. 75-6702 and provide for the budget stabilization fund, along with governing provisions.

Amend K.S.A. 2014 Supp. 79-32,110 to lower the individual income tax lower bracket rate from 2.7% to 2.66% of taxable income effective beginning in tax year 2016 and strike the rate adjustment provisions applicable to any tax years after 2016.

Amend K.S.A. 2014 Supp. 79-32,120 to increase the phase-out of the Kansas itemized deduction effective for tax year 2015 and after from 30% to 50%.

Provide for a tax amnesty program for certain taxes delinquent as of tax periods ending on or before December 31, 2013 and paid in full during the amnesty period of September 1, 2015 to October 15, 2015.

2. Provide for cigarette tax, tobacco products tax, and liquor enforcement tax rate increases

Amend the applicable cigarette tax statutes to increase the cigarette tax rate from \$.79 per pack of 20 cigarettes to \$2.29 per pack of 20 cigarettes effective July 1, 2015, and include inventory tax provisions.

Amend the applicable tobacco products tax statutes to increase the tobacco products tax from 10% of the wholesale sales price to 25% of the wholesale sales price, effective July 1, 2015, and include inventory tax provisions.

Amend K.S.A. 79-4101 to increase the liquor enforcement tax from 8% to 12% of gross receipts from sales of alcoholic liquor and cereal malt beverages, effective July 1, 2015.