Minutes of the House Committee on Assessment and
Taxation. The meeting was called to order by E. C.
Rolfs, Chairman, at 9:00 a.m. on January 31, 1985 in
room 519 South at the Capitol of the State of Kansas.

The following members were absent:

        Representative Leach

Committee staff present:

            Tom Severn, Legislative Research
            Melinda Hanson, Legislative Research
            Don Hayward, Reviser of Statutes
            Millie Foose, Committee Secretary

Mr. Harley T. Duncan, Secretary of Revenue, discussed
Kansas Individual Income Tax Tables. The Department of
Revenue requested introduction of a bill to amend KSA
79-32,112a. Representative Lowther moved, second by
Representative Wagnon, that this bill be introduced.
The motion carried. *Atch. 1*

Mr. Duncan discussed HB-2060, which would repeal the
itemized state income tax deduction for state and local
motor fuel taxes. He suggested that this bill be
amended to delete line 31 and in effect on December 31,
1977 and insert December 31, 1984, which would bring
Kansas into conformity with Federal deductions in
several areas.

In reply to questions from representatives, Mr. Duncan
and Mr. Hayward discussed differences in figuring taxes
for KPERS, Railroad Retirement, and some private pension
plans.

Representative Erne moved, second by Representative
Smith, that the staff be directed to draft a bill
similar to 1980 HB-2863, relating to taxation of
inventories. The motion passed.

The minutes of January 24, 1985 were reviewed. There
being no changes, the chairman declared them approved as
presented.

There being no further business to come before the
committee, the chairman declared the meeting adjourned.

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E. C. Rolfs, Chairman

Kansas
DEPARTMENT OF REVENUE

State Office Building
Topeka, KS 66625

MEMORANDUM

January 31, 1985

TO: House Committee on
         Assessment and Taxation

FROM: Harley T. Duncan
         Secretary of Revenue

SUBJECT: Kansas Individual Income Tax Tables

The Department of Revenue requests introduction of a bill to amend K.S.A. 79-32,112a which governs the promulgation of individual income tax tables by the Secretary of Revenue.

K.S.A. 79-32,112a, as it is now written, allows for income tax tables which "... reflect the Kansas standard deduction, a deduction for the federal income tax liability... and a deduction for the allowable number of personal exemptions." The ability to use tax tables with these deductions incorporated in them is limited to a select, and rapidly declining, group of taxpayers. Items which make the tables inappropriate are: any federal credits; itemized deductions; income averaging; any modifications to federal adjusted gross income (including KPERS contributions); and, the federal charitable contribution for non-itemizers. This list, particularly the last two items, severely limits the number of individuals who qualify to use the tax tables. Unfortunately many taxpayers use the tax tables anyway and submit returns with an incorrect state tax liability.

The Department proposes to amend K.S.A. 79-32,112a to delete the specific references to the standard deduction, federal tax deduction and personal exemptions. This would allow us to develop tables based on taxable income (or a modification thereof) much like the federal tax tables (example attached). Through such a modification, a much larger group of taxpayers could use the tables and avoid the tax computation schedule. Also, a larger income spectrum could be covered in the tables which are now limited to $20,000/$40,000 adjusted gross income.

It is the feeling of the Department that, due to the limited number of individuals who may use the present tax tables; the complexity of having different methods of calculating tax liability; and the significant expansion of the range of the proposed tables, K.S.A. 79-32,112a should be amended to allow for greater flexibility in designing tax tables for tax years after December 31, 1984.

Harley T. Duncan
Secretary of Revenue

HTD:x/5950

1984 Tax Table (Continued)

If line 37 (taxable income) is— At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	If line 37 (taxable income) is— At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household	If line 37 (taxable income) is— At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
5,000						**8,000**						**11,000**					
5,000	5,050	329	179	413	306	8,000	8,050	764	543	875	697	11,000	11,050	1,244	963	1,452	1,186
5,050	5,100	336	184	420	312	8,050	8,100	771	550	884	704	11,050	11,100	1,253	970	1,463	1,195
5,100	5,150	343	190	427	318	8,100	8,150	779	557	893	711	11,100	11,150	1,262	977	1,474	1,203
5,150	5,200	350	195	434	324	8,150	8,200	786	564	902	718	11,150	11,200	1,271	984	1,485	1,212
5,200	5,250	357	201	441	330	8,200	8,250	794	571	911	725	11,200	11,250	1,280	991	1,496	1,220
5,250	5,300	364	206	448	336	8,250	8,300	801	578	920	732	11,250	11,300	1,289	998	1,507	1,229
5,300	5,350	371	212	455	342	8,300	8,350	809	585	929	739	11,300	11,350	1,298	1,005	1,518	1,237
5,350	5,400	378	217	462	348	8,350	8,400	816	592	938	746	11,350	11,400	1,307	1,012	1,529	1,246
5,400	5,450	385	223	469	354	8,400	8,450	824	599	947	753	11,400	11,450	1,316	1,019	1,540	1,254
5,450	5,500	392	228	476	360	8,450	8,500	831	606	956	760	11,450	11,500	1,325	1,026	1,551	1,263
5,500	5,550	399	234	483	366	8,500	8,550	839	613	965	767	11,500	11,550	1,334	1,033	1,562	1,271
5,550	5,600	406	240	490	372	8,550	8,600	847	620	974	774	11,550	11,600	1,343	1,040	1,573	1,280
5,600	5,650	413	246	497	378	8,600	8,650	855	627	983	781	11,600	11,650	1,352	1,047	1,584	1,288
5,650	5,700	420	252	504	384	8,650	8,700	863	634	992	788	11,650	11,700	1,361	1,054	1,595	1,297
5,700	5,750	427	258	511	390	8,700	8,750	871	641	1,001	795	11,700	11,750	1,370	1,061	1,606	1,305
5,750	5,800	434	264	518	396	8,750	8,800	879	648	1,010	804	11,750	11,800	1,379	1,068	1,617	1,314
5,800	5,850	441	270	525	402	8,800	8,850	887	655	1,019	812	11,800	11,850	1,388	1,075	1,628	1,323
5,850	5,900	448	276	532	408	8,850	8,900	895	662	1,028	821	11,850	11,900	1,397	1,082	1,639	1,332
5,900	5,950	455	282	539	414	8,900	8,950	903	669	1,037	829	11,900	11,950	1,406	1,089	1,650	1,341
5,950	6,000	462	288	547	420	8,950	9,000	911	676	1,046	838	11,950	12,000	1,415	1,097	1,661	1,350
6,000						**9,000**						**12,000**					
6,000	6,050	469	294	555	426	9,000	9,050	919	683	1,055	846	12,000	12,050	1,424	1,105	1,672	1,359
6,050	6,100	476	300	563	432	9,050	9,100	927	690	1,064	855	12,050	12,100	1,433	1,113	1,683	1,368
6,100	6,150	483	306	571	438	9,100	9,150	935	697	1,073	863	12,100	12,150	1,442	1,121	1,694	1,377
6,150	6,200	490	312	579	444	9,150	9,200	943	704	1,082	872	12,150	12,200	1,451	1,129	1,705	1,386
6,200	6,250	497	318	587	450	9,200	9,250	951	711	1,091	880	12,200	12,250	1,460	1,137	1,716	1,395
6,250	6,300	504	324	595	456	9,250	9,300	959	718	1,100	889	12,250	12,300	1,469	1,145	1,727	1,404
6,300	6,350	511	330	603	462	9,300	9,350	967	725	1,109	897	12,300	12,350	1,478	1,153	1,739	1,413
6,350	6,400	518	336	611	468	9,350	9,400	975	732	1,118	906	12,350	12,400	1,487	1,161	1,751	1,422
6,400	6,450	525	342	619	474	9,400	9,450	983	739	1,127	914	12,400	12,450	1,496	1,169	1,764	1,431
6,450	6,500	532	348	627	480	9,450	9,500	991	746	1,136	923	12,450	12,500	1,505	1,177	1,776	1,440
6,500	6,550	539	354	635	487	9,500	9,550	999	753	1,145	931	12,500	12,550	1,514	1,185	1,789	1,449
6,550	6,600	546	360	643	494	9,550	9,600	1,007	760	1,154	940	12,550	12,600	1,523	1,193	1,801	1,458
6,600	6,650	554	366	651	501	9,600	9,650	1,015	767	1,163	948	12,600	12,650	1,532	1,201	1,814	1,467
6,650	6,700	561	372	659	508	9,650	9,700	1,023	774	1,172	957	12,650	12,700	1,541	1,209	1,826	1,476
6,700	6,750	569	378	667	515	9,700	9,750	1,031	781	1,181	965	12,700	12,750	1,550	1,217	1,839	1,485
6,750	6,800	576	384	675	522	9,750	9,800	1,039	788	1,190	974	12,750	12,800	1,559	1,225	1,851	1,494
6,800	6,850	584	390	683	529	9,800	9,850	1,047	795	1,199	982	12,800	12,850	1,568	1,233	1,864	1,503
6,850	6,900	591	396	691	536	9,850	9,900	1,055	802	1,208	991	12,850	12,900	1,577	1,241	1,876	1,512
6,900	6,950	599	402	699	543	9,900	9,950	1,063	809	1,217	999	12,900	12,950	1,586	1,249	1,889	1,521
6,950	7,000	606	408	707	550	9,950	10,000	1,071	816	1,226	1,008	12,950	13,000	1,596	1,257	1,901	1,530
7,000						**10,000**						**13,000**					
7,000	7,050	614	414	715	557	10,000	10,050	1,079	823	1,235	1,016	13,000	13,050	1,606	1,265	1,914	1,539
7,050	7,100	621	420	723	564	10,050	10,100	1,087	830	1,244	1,025	13,050	13,100	1,616	1,273	1,926	1,548
7,100	7,150	629	426	731	571	10,100	10,150	1,095	837	1,254	1,033	13,100	13,150	1,626	1,281	1,939	1,557
7,150	7,200	636	432	739	578	10,150	10,200	1,103	844	1,265	1,042	13,150	13,200	1,636	1,289	1,951	1,566
7,200	7,250	644	438	747	585	10,200	10,250	1,111	851	1,276	1,050	13,200	13,250	1,646	1,297	1,964	1,575
7,250	7,300	651	444	755	592	10,250	10,300	1,119	858	1,287	1,059	13,250	13,300	1,656	1,305	1,976	1,584
7,300	7,350	659	450	763	599	10,300	10,350	1,127	865	1,298	1,067	13,300	13,350	1,666	1,313	1,989	1,593
7,350	7,400	666	456	771	606	10,350	10,400	1,135	872	1,309	1,076	13,350	13,400	1,676	1,321	2,001	1,602
7,400	7,450	674	462	779	613	10,400	10,450	1,143	879	1,320	1,084	13,400	13,450	1,686	1,329	2,014	1,611
7,450	7,500	681	468	787	620	10,450	10,500	1,151	886	1,331	1,093	13,450	13,500	1,696	1,337	2,026	1,620
7,500	7,550	689	474	795	627	10,500	10,550	1,159	893	1,342	1,101	13,500	13,550	1,706	1,345	2,039	1,629
7,550	7,600	696	480	803	634	10,550	10,600	1,167	900	1,353	1,110	13,550	13,600	1,716	1,353	2,051	1,638
7,600	7,650	704	487	811	641	10,600	10,650	1,175	907	1,364	1,118	13,600	13,650	1,726	1,361	2,064	1,647
7,650	7,700	711	494	819	648	10,650	10,700	1,183	914	1,375	1,127	13,650	13,700	1,736	1,369	2,076	1,656
7,700	7,750	719	501	827	655	10,700	10,750	1,191	921	1,386	1,135	13,700	13,750	1,746	1,377	2,089	1,665
7,750	7,800	726	508	835	662	10,750	10,800	1,199	928	1,397	1,144	13,750	13,800	1,756	1,385	2,101	1,674
7,800	7,850	734	515	843	669	10,800	10,850	1,208	935	1,408	1,152	13,800	13,850	1,766	1,393	2,114	1,683
7,850	7,900	741	522	851	676	10,850	10,900	1,217	942	1,419	1,161	13,850	13,900	1,776	1,401	2,126	1,692
7,900	7,950	749	529	859	683	10,900	10,950	1,226	949	1,430	1,169	13,900	13,950	1,786	1,409	2,139	1,701
7,950	8,000	756	536	867	690	10,950	11,000	1,235	956	1,441	1,178	13,950	14,000	1,796	1,417	2,151	1,710

*This column must also be used by a qualifying widow(er).

1984 TAX TABLE B—MARRIED FILING JOINTLY *State*

The 16% standard deduction or low income allowance, whichever is greater, personal exemptions and federal income tax have been taken into account in figuring the tax shown in this table. Do not take a separate deduction for them.

(For married persons filing joint returns with adjusted gross income of $40,000 or less who claim fewer than 10 exemptions)

To find your tax: Read down the left income column until you find your income as shown on line 9, on the front of form 40, or line 6, on the front of form 40A.
Read across to the column headed by the total number of exemptions claimed on line 5c of form 40, or form 40A. The amount shown at the point where the two lines meet is your tax. Enter on line 15, on the front of form 40, or line 7, on the front of form 40A.

THIS TABLE CAN NOT BE USED IF YOU DO NOT MEET THE QUALIFICATIONS LISTED ON PAGE 5 OF THIS BOOKLET

At Least	But Less Than	2	3	4	5	6	7	8	9
4,100	4,200	1	0	0	0	0	0	0	0
4,200	4,300	3	0	0	0	0	0	0	0
4,300	4,400	5	0	0	0	0	0	0	0
4,400	4,500	7	0	0	0	0	0	0	0
4,500	4,600	9	0	0	0	0	0	0	0
4,600	4,700	11	0	0	0	0	0	0	0
4,700	4,800	13	0	0	0	0	0	0	0
4,800	4,900	15	0	0	0	0	0	0	0
4,900	5,000	17	0	0	0	0	0	0	0
5,000	5,100	19	0	0	0	0	0	0	0
5,100	5,200	21	1	0	0	0	0	0	0
5,200	5,300	23	3	0	0	0	0	0	0
5,300	5,400	25	5	0	0	0	0	0	0
5,400	5,500	27	7	0	0	0	0	0	0
5,500	5,600	29	9	0	0	0	0	0	0
5,600	5,700	30	11	0	0	0	0	0	0
5,700	5,800	32	13	0	0	0	0	0	0
5,800	5,900	34	15	0	0	0	0	0	0
5,900	6,000	36	17	0	0	0	0	0	0
6,000	6,100	38	19	0	0	0	0	0	0
6,100	6,200	39	21	1	0	0	0	0	0
6,200	6,300	41	23	3	0	0	0	0	0
6,300	6,400	43	25	5	0	0	0	0	0
6,400	6,500	45	27	7	0	0	0	0	0
6,500	6,600	46	29	9	0	0	0	0	0
6,600	6,700	48	30	11	0	0	0	0	0
6,700	6,800	50	32	13	0	0	0	0	0
6,800	6,900	52	34	15	0	0	0	0	0
6,900	7,000	54	36	17	0	0	0	0	0
7,000	7,100	55	38	19	0	0	0	0	0
7,100	7,200	57	39	21	1	0	0	0	0
7,200	7,300	59	41	23	3	0	0	0	0
7,300	7,400	61	43	25	5	0	0	0	0
7,400	7,500	63	45	27	7	0	0	0	0
7,500	7,600	64	46	29	9	0	0	0	0
7,600	7,700	66	48	30	11	0	0	0	0
7,700	7,800	68	50	32	13	0	0	0	0
7,800	7,900	70	52	34	15	0	0	0	0
7,900	8,000	71	54	36	17	0	0	0	0
8,000	8,100	73	55	38	19	0	0	0	0
8,100	8,200	75	57	39	21	1	0	0	0
8,200	8,300	77	59	41	23	3	0	0	0
8,300	8,400	78	61	43	25	5	0	0	0
8,400	8,500	80	63	45	27	7	0	0	0
8,500	8,600	83	64	46	29	9	0	0	0
8,600	8,700	86	66	48	30	11	0	0	0
8,700	8,800	89	68	50	32	13	0	0	0
8,800	8,900	92	70	52	34	15	0	0	0
8,900	9,000	96	71	54	36	17	0	0	0
9,000	9,100	99	73	55	38	19	0	0	0
9,100	9,200	102	75	57	39	21	1	0	0
9,200	9,300	105	77	59	41	23	3	0	0
9,300	9,400	108	78	61	43	25	5	0	0
9,400	9,500	111	80	63	45	27	7	0	0
9,500	9,600	114	83	64	46	29	9	0	0
9,600	9,700	117	86	66	48	30	11	0	0
9,700	9,800	120	89	68	50	32	13	0	0
9,800	9,900	123	92	70	52	34	15	0	0
9,900	10,000	126	96	71	54	36	17	0	0
10,000	10,100	129	99	73	55	38	19	0	0
10,100	10,200	132	102	75	57	39	21	1	0
10,200	10,300	135	105	77	59	41	23	3	0
10,300	10,400	138	108	78	61	43	25	5	0
10,400	10,500	141	111	80	63	45	27	7	0
10,500	10,600	144	114	83	64	46	29	9	0
10,600	10,700	147	117	86	66	48	30	11	0
10,700	10,800	150	120	89	68	50	32	13	0
10,800	10,900	154	123	92	70	52	34	15	0
10,900	11,000	157	126	96	71	54	36	17	0
11,000	11,100	161	129	99	73	55	38	19	0
11,100	11,200	164	132	102	75	57	39	21	1
11,200	11,300	167	135	105	77	59	41	23	3
11,300	11,400	171	138	108	78	61	43	25	5
11,400	11,500	174	141	111	80	63	45	27	7
11,500	11,600	178	144	114	83	64	46	29	9
11,600	11,700	181	147	117	86	66	48	30	11
11,700	11,800	185	150	120	89	68	50	32	13
11,800	11,900	188	154	123	92	70	52	34	15
11,900	12,000	192	157	126	96	71	54	36	17
12,000	12,100	195	161	129	99	73	55	38	19
12,100	12,200	198	164	132	102	75	57	39	21
12,200	12,300	202	167	135	105	77	59	41	23
12,300	12,400	205	171	138	108	78	61	43	25
12,400	12,500	209	174	141	111	80	63	45	27
12,500	12,600	212	178	144	114	83	64	46	29
12,600	12,700	216	181	147	117	86	66	48	30
12,700	12,800	219	185	150	120	89	68	50	32
12,800	12,900	222	188	154	123	92	70	52	34
12,900	13,000	226	192	157	126	96	71	54	36
13,000	13,100	229	195	161	129	99	73	55	38
13,100	13,200	233	198	164	132	102	75	57	39
13,200	13,300	235	201	167	134	104	76	59	41
13,300	13,400	238	204	169	137	107	78	60	42
13,400	13,500	241	207	172	139	109	79	61	44
13,500	13,600	244	209	175	142	112	81	63	45
13,600	13,700	247	212	178	144	114	83	64	47
13,700	13,800	249	215	181	147	117	86	66	48
13,800	13,900	252	218	183	149	119	88	67	50
13,900	14,000	255	221	186	152	122	91	69	51
14,000	14,100	258	223	189	155	124	93	70	52
14,100	14,200	260	226	192	157	126	96	72	54
14,200	14,300	263	229	195	160	129	99	73	55
14,300	14,400	266	232	197	163	131	101	74	57
14,400	14,500	269	235	200	166	134	104	76	58
14,500	14,600	271	237	203	169	136	106	77	60
14,600	14,700	274	240	206	171	139	109	79	61
14,700	14,800	277	243	209	174	141	111	80	63
14,800	14,900	279	246	211	177	144	113	83	64
14,900	15,000	282	249	214	180	146	116	85	65
15,000	15,100	285	251	217	183	148	118	88	67
15,100	15,200	288	254	220	185	151	121	90	68
15,200	15,300	290	257	223	188	154	123	93	70
15,300	15,400	293	259	225	191	157	126	95	71
15,400	15,500	296	262	228	194	159	128	98	73
15,500	15,600	299	265	231	197	162	131	100	74
15,600	15,700	301	268	234	199	165	133	103	76
15,700	15,800	304	270	237	202	168	136	105	77
15,800	15,900	307	273	239	205	171	138	108	78
15,900	16,000	309	276	242	208	173	140	110	80
16,000	16,100	313	279	245	211	176	143	113	82

January 31, 1985

MEMORANDUM

TO: The Honorable Ed C. Rolfs, Chairman
        House Committee on Assessment and Taxation

FROM: Harley T. Duncan
        Secretary of Revenue

RE: House Bill 2060

Thank you for the opportunity to appear before you on
HB 2060. The Department of Revenue supports the intent of
this measure.

HB 2060 would repeal the itemized state income tax
deduction for state and local motor fuels taxes. This
deduction was repealed at the federal level beginning in tax
year 1979. It remains an itemized state deduction, however,
because state law conforms to federal itemized deductions as
they existed for tax year 1978 unless provided specifically
otherwise.

Enactment of this measure would provide for greater
conformity between the state and federal tax codes, and it
is on this basis that the Department supports the bill.
Greater state-federal conformity will improve the
Department's ability to insure compliance with state tax
laws. In areas where state law does not conform to federal
law, the Department has limited ability to verify the
accuracy and validity of deductions taken or other
adjustments made. We must rely principally on computer
edits to identify those returns exceeding established
tolerances and thus in need of manual examination. Where we
conform to federal law, however, federal audits and
examinations effectively serve our compliance needs as well
as those of the federal government. We receive notice of
all federal adjustments and can follow-up with the taxpayer
to insure that appropriate state adjustments are made.
Increased conformity should also simplify matters for the
taxpayer, leading to fewer errors and less confusion.

We estimate that HB 2060 will increase FY 1986 State
General Fund revenues by $2.1 million. The estimate is
based on the Department's simulation model consisting of
10,000 returns from 1981, updated to 1985 income levels and
tax law.

The Department, however, respectfully requests that the
Committee consider amending HB 2060 to update the date of

reference for our conformity to federal itemized deductions from December 31, 1977 to December 31, 1984.   The effect of the amendment would be that we would conform to federal itemized deductions now in place for tax year 1985, unless otherwise provided in state law.   Specifically, this would mean the following changes in state itemized deductions (in addition to repeal of the motor fuel tax deduction):

(1)   We would conform to the federal treatment of unreimbursed casualty and theft losses. Currently, all unreimbursed losses in excess of $100 may be deducted at the state level.   This was the federal treatment until tax year 1983, at which time it was modified to provide that only losses in excess of 10 percent of adjusted gross income may be deducted.   Adoption of this treatment would increase FY 1986 State General Fund revenues by roughly $500,000.

(2)   A deduction of up to $100 on a single return and $200 on a joint return for contributions to candidates for public office, political committees or to newsletter funds of candidates and elected officials would be repealed.   This former federal deduction was converted to a credit (50% of the above amounts) in tax year 1979.   Repeal of this deduction would increase FY 1986 State General Funds revenues by approximately $90,000.

(3)   The state would add a deduction of up to $1,500 in qualified adoption expenses related to legally adopting a "special needs" child for whom payments are received under the Social Security adoption assistance program.   Qualified adoption expenses would include reasonable attorney fees, court costs, adoption fees and other expenses related directly to the adoption of the child.   They would not include, however, expenses for which other deductions or credits are taken or adoption expenses reimbursed under any federal, state or local.   The fiscal impact of this deduction cannot be estimated reliably, but it is not expected to be substantial.

Other specific state laws would cause us to retain our non-conformity to the medical, dental and drug expenses as well as continuing the additional itemized deduction for social security, self-employment and railroad retirement taxes.   Also retained would be Kansas itemized deductions for special depreciation on certain oil production processes and certain solar energy systems as well as the deduction for certain works of art.

Again, the Department recommends adoption of this amendment in the interests of federal-state tax conformity. We believe that greater conformity will foster tax compliance and make the law more understandable to the taxpayer.

All these changes would affect only taxpayers who itemize deductions. Approximately 325,000 resident taxpayers itemize their deductions; this is about 36 percent of all resident taxpayers. Itemized filers are 80 percent joint returns and 20 percent single returns. Of all itemized returns, over 60 percent have an adjusted gross income in excess of $25,000, and more than 85 percent have an adjusted gross income in excess of $15,000.

Thank you again for opportunity to testify. I would be glad to attempt to answer any questions.