

Approved On: 2/19/87

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 February 18, 1987 in room 519 South at the Capitol of the State of Kansas.

The following members were absent (excused):

Representatives Crowell

Committee staff present:

Tom Severn, Legislative Research
Chris Courtright, Legislative Research
Don Hayward, Reviser of Statutes
Millie Foose, Committee Secretary

Representative Patrick discussed HB-2279 - AN ACT relating to income taxation; concerning return filing requirements of individuals and rates of tax imposed upon individuals and corporations. He stressed the fact that firms who compete with Missouri firms have a difficult time because of the difference in tax rates. He believes there will be even larger revenue losses in 1988, 89, 90, and 91.

Representative Douville confirmed that there is a Kansas-Missouri problem. He referred to HB-2155 - AN ACT relating to income taxation; concerning the determination of adjusted gross income - and said he believes this bill would help solve the problem. He also suggested that if a person paid no federal tax, perhaps he should not have to pay a Kansas tax. He asked that the Committee take a look at the situation and try for a solution. He said the Kansas economy will shrink if too much business is lost to Missouri.

Mr. David Litwin, representing Kansas Chamber of Commerce and Industries, said he originally thought the windfall should be returned to the taxpayers, but he is not so sure about that now since the state is having financial problems and is having to discontinue some important programs. He suggested that the committee consider SB-168 which he believes might solve some of the problems. He does not believe many Kansas firms are leaving the state, but it is becoming more difficult to attract new business.

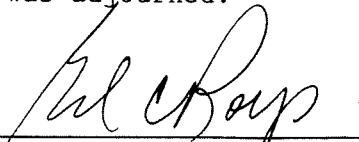
Mr. Richard Funk, Assistant Executive Director Kansas Association of School Boards, testified on behalf of the 302 members of Kansas Association of School Boards. He believes the State of Kansas should retain all or a major portion of the income tax windfall in order to bring up the state's general fund balance to an acceptable level - and then look at options for dealing with the income tax windfall. (Attachment 1)

Harley Duncan, Secretary Kansas Department of Revenue, discussed HB-2155 and HB-2362, and answered questions from committee members. It was agreed that at some point in time Kansas will have to get to conformity. It was suggested that the committee introduce legislation that is revenue neutral -- one that hearings can be held on. Representative Leach moved, second by Representative Aylward, that the bill be introduced. The motion carried.

The Department of Revenue distributed sheets showing the individual income tax in tax year 1986 comparing three different bills -- HB-2155 (Attachment 2), HB-2279 (Attachment 3), and HB-2363 and HB-2374 (Attachment 4).

The minutes of February 16 and 17 meetings were approved.

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



E. C. Rolfs, Chairman

KANSAS
ASSOCIATION



OF
SCHOOL
BOARDS

5401 S. W. 7th Avenue Topeka, Kansas 66606
913-273-3600

TESTIMONY ON HOUSE TAXATION

by

Richard Funk, Assistant Executive Director
Kansas Association of School Boards

February 18, 1987

Mr. Chairman and members of the committee, we appreciate the opportunity to testify today on behalf of the 302 members of the Kansas Association of School Boards. KASB believes that the Kansas legislature should take a very cautious approach to the anticipated federal income tax windfall.

We believe that the revenue estimates are based upon very soft numbers. The department of revenue is having a bit of difficulty assembling all of the information necessary for accurate estimates.

We believe that the State of Kansas should retain all or a major portion of the income tax windfall in order to bring up the state's general fund balances to an acceptable level. At that time the legislature can then look at options for dealing with the income tax windfall.

We ask you at this time not to act only on any bills dealing with the income tax windfall. Rather, wait and see what the coming year brings to the Kansas economy and to the state's general fund balance.

NO. 6297: TAX REFORM ACT OF 1986

TAX YEAR 1987
HOUSE BILLS 2155

Kansas Department Of Revenue

Individual Income Tax In Tax Year 1986
Resident Taxpayers
Impact By Bracket

HOUSE BILLS 2155

I. Net	Married					Single					Total Residents				
	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate
	11,263	0.0%	\$0.00	\$0.00	0.0%	5,789	0.0%	\$0.00	\$0.00	0.0%	17,053	0.0%	\$0.00	\$0.00	0.0%
\$0 \$5,000	14,947	0.0%	\$0.00	\$0.00	0.0%	104,105	-1.7%	(\$17,857.14)	(\$0.17)	0.3%	119,053	-1.7%	(\$17,857.14)	(\$0.15)	0.3%
\$5,000 \$15,000	73,895	-1.1%	(\$77,228.57)	(\$1.05)	0.9%	166,421	-2.2%	(\$636,404.08)	(\$3.82)	1.8%	240,316	-2.0%	(\$713,632.65)	(\$2.97)	1.5%
\$15,000 \$25,000	98,042	0.4%	\$138,457.14	\$1.32	1.7%	85,158	-3.0%	(\$1,448,124.49)	(\$17.01)	2.9%	184,000	-1.6%	(\$1,317,667.35)	(\$7.16)	2.2%
\$25,000 \$35,000	106,947	-0.6%	(\$456,512.24)	(\$4.27)	2.3%	34,421	-1.6%	(\$511,756.12)	(\$14.87)	3.2%	141,368	-0.9%	(\$968,668.37)	(\$6.85)	2.5%
\$35,000 \$50,000	119,342	-3.5%	(\$4,672,824.49)	(\$39.32)	2.6%	15,263	-16.0%	(\$3,201,997.96)	(\$209.79)	2.7%	134,145	-5.1%	(\$7,874,822.45)	(\$58.72)	2.6%
\$50,000 \$75,000	78,242	-26.8%	(\$48,868,896.94)	(\$518.35)	2.2%	6,947	-28.2%	(\$3,458,056.12)	(\$496.60)	3.1%	85,789	-26.1%	(\$44,318,153.06)	(\$516.59)	2.3%
\$75,000 \$100,000	10,947	-35.4%	(\$38,138,484.69)	(\$2,752.30)	2.5%	1,684	-31.9%	(\$6,785,685.71)	(\$4,029.00)	3.1%	12,632	-34.7%	(\$36,916,178.41)	(\$2,922.53)	2.6%
Over															
Total	514,526	-15.6%	(\$76,075,089.00)	(\$147.85)	2.3%	419,789	-9.5%	(\$16,051,881.63)	(\$38.24)	2.5%	934,316	-14.0%	(\$92,126,971.43)	(\$98.60)	2.3%
Fiscal Impact:			(\$76,075,089.00)					(\$16,051,881.63)					(\$92,126,971.43)		
All Taxpayers:			(\$105,626,216.33)			Non-Resident:		(\$13,699,244.90)							

TAX YEAR 1988
HOUSE BILL 2155

Kansas Department Of Revenue

Individual Income Tax In Tax Year 1986
Resident Taxpayers
Impact By Bracket

HOUSE BILL 2155

K.A.G.I. Bracket	Married					Single					Total Residents				
	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate
No K.A.G.I.	11,253	0.0%	\$0.00	\$0.00	0.0%	5,789	0.0%	\$0.00	\$0.00	0.0%	17,053	0.0%	\$0.00	\$0.00	0.0%
\$0 \$5,000	14,947	0.7%	\$182.04	\$0.01	0.0%	184,185	-1.7%	(\$17,857.14)	(\$0.17)	0.3%	119,853	-1.7%	(\$17,755.10)	(\$0.15)	0.3%
\$5,000 \$15,000	73,895	-1.0%	(\$72,738.78)	(\$0.98)	0.9%	166,421	-2.2%	(\$639,975.51)	(\$3.85)	1.8%	248,316	-2.0%	(\$712,714.29)	(\$2.97)	1.5%
\$15,000 \$25,000	98,842	0.4%	\$127,600.00	\$1.29	1.7%	85,158	-2.9%	(\$1,422,002.04)	(\$16.70)	2.9%	184,000	-1.6%	(\$1,294,402.04)	(\$7.03)	2.2%
\$25,000 \$35,000	106,947	-0.6%	(\$448,442.86)	(\$4.19)	2.3%	34,421	-1.1%	(\$373,898.98)	(\$10.86)	3.3%	141,368	-0.8%	(\$822,341.84)	(\$5.82)	2.5%
\$35,000 \$50,000	118,842	-3.3%	(\$4,462,448.98)	(\$37.55)	2.6%	15,263	-15.1%	(\$3,276,618.37)	(\$214.67)	2.9%	134,165	-5.0%	(\$7,739,067.35)	(\$57.71)	2.7%
\$50,000 \$100,000	78,842	-05.3%	(\$40,918,913.27)	(\$519.38)	2.3%	6,947	-19.2%	(\$3,612,403.06)	(\$519.97)	3.4%	65,789	-25.5%	(\$44,561,216.33)	(\$519.43)	2.4%
\$100,000 Over	18,347	-35.3%	(\$38,841,483.06)	(\$2,744.17)	2.5%	1,584	-38.8%	(\$7,453,673.47)	(\$4,425.62)	3.6%	12,632	-34.3%	(\$37,495,076.53)	(\$2,968.36)	2.7%
Total	514,526	-15.4%	(\$75,846,244.90)	(\$147.41)	2.3%	419,789	-9.5%	(\$16,796,428.57)	(\$40.01)	2.6%	934,316	-13.9%	(\$92,642,673.47)	(\$99.16)	2.4%
Fiscal Impact:			(\$75,846,244.90)					(\$16,796,428.57)					(\$92,642,673.47)		
All Taxpayers:			(\$106,728,816.33)			Non-Resident:		(\$14,078,142.86)							

NO. 6310: TAX REFORM ACT OF 1986

TAX YEAR 1987
HOUSE BILL 2279

Kansas Department Of Revenue

Individual Income Tax In Tax Year 1986
Resident Taxpayers
Impact By Bracket

HOUSE BILL 2279

G.I. Bracket	Married						Single					Total Residents				
	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	
No K.S.G.I.	11,253	0.0%	\$0.00	\$0.00	0.0%	5,789	0.0%	\$0.00	\$0.00	0.0%	17,053	0.0%	\$0.00	\$0.00	0.0%	
\$0 \$5,000	14,947	-100.0%	(\$13,775.51)	(\$0.92)	0.0%	104,105	-54.0%	(\$551,710.20)	(\$5.30)	0.2%	119,053	-54.7%	(\$565,485.71)	(\$4.75)	0.1%	
\$5,000 \$15,000	73,895	-11.3%	(\$786,102.04)	(\$10.64)	0.8%	165,421	-3.9%	(\$1,128,542.86)	(\$6.78)	1.0%	240,316	-5.3%	(\$1,914,644.90)	(\$7.97)	1.4%	
\$15,000 \$25,000	98,842	-1.6%	(\$564,897.96)	(\$5.72)	1.7%	85,158	-13.2%	(\$6,425,400.16)	(\$75.45)	2.6%	184,000	-8.4%	(\$6,990,306.12)	(\$37.99)	2.1%	
\$25,000 \$35,000	106,947	-1.5%	(\$6,357,857.14)	(\$59.45)	2.1%	34,421	-17.1%	(\$5,528,979.59)	(\$160.63)	2.7%	141,368	-11.1%	(\$11,886,836.73)	(\$84.08)	2.3%	
\$35,000 \$50,000	118,842	-13.2%	(\$17,576,486.73)	(\$148.74)	2.4%	15,263	-21.1%	(\$4,218,343.88)	(\$276.37)	2.5%	134,185	-14.2%	(\$21,894,030.61)	(\$163.27)	2.4%	
\$50,000 \$75,000	78,842	-13.7%	(\$23,495,697.95)	(\$301.43)	2.5%	6,247	-26.5%	(\$4,514,489.80)	(\$649.81)	2.3%	85,789	-13.5%	(\$33,010,187.76)	(\$384.78)	2.5%	
\$75,000 \$100,000	Over	10,947	(\$27,921,595.92)	(\$2,550.53)	2.6%	1,684	-34.5%	(\$7,332,746.94)	(\$4,353.82)	3.0%	12,632	-33.2%	(\$35,254,342.86)	(\$2,790.97)	2.7%	
Total	514,526	-15.8%	(\$81,816,413.27)	(\$159.01)	2.2%	419,789	-17.5%	(\$29,700,221.43)	(\$70.75)	2.3%	934,316	-17.0%	(\$111,516,634.69)	(\$119.36)	2.3%	
Fiscal Impact:			(\$81,816,413.27)					(\$29,700,221.43)					(\$111,516,634.69)			
All Taxpayers:			(\$129,856,837.76)			Non-Resident:		(\$17,539,483.06)								

TAX YEAR 1988
HOUSE BILL 2279

Kansas Department Of Revenue

Individual Income Tax In Tax Year 1988
Resident Taxpayers
Impact By Bracket

HOUSE BILL 2279

K.A.S.L. Bracket	Married					Single					Total Residents				
	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate
No K.A.S.L.	11,253	0.0%	\$0.00	\$0.00	0.0%	5,789	0.0%	\$0.00	\$0.00	0.0%	17,053	0.0%	\$0.00	\$0.00	0.0%
\$0 \$5,000	14,947	-100.0%	(\$13,775.51)	(\$90.92)	0.0%	104,105	-87.9%	(\$904,412.24)	(\$8.69)	0.0%	119,053	-88.1%	(\$918,187.76)	(\$7.71)	0.0%
\$5,000 \$15,000	73,895	-20.9%	(\$1,469,730.51)	(\$19.89)	0.7%	166,421	-3.9%	(\$1,158,889.80)	(\$6.92)	1.0%	240,316	-7.2%	(\$2,628,620.41)	(\$10.90)	1.4%
\$15,000 \$25,000	98,842	-1.9%	(\$678,816.33)	(\$6.79)	1.7%	85,158	-13.2%	(\$6,456,530.61)	(\$75.82)	2.6%	184,000	-8.6%	(\$7,127,346.94)	(\$38.74)	2.1%
\$25,000 \$35,000	106,947	-8.6%	(\$6,379,081.63)	(\$59.65)	2.1%	34,421	-17.3%	(\$5,765,480.16)	(\$167.50)	2.8%	141,368	-11.3%	(\$12,144,489.80)	(\$85.91)	2.3%
\$35,000 \$50,000	118,042	-13.2%	(\$17,788,976.53)	(\$149.62)	2.4%	15,263	-21.7%	(\$4,710,078.57)	(\$308.59)	2.7%	134,105	-14.4%	(\$22,491,055.10)	(\$167.71)	2.4%
\$50,000 \$100,000	78,942	-18.9%	(\$29,415,595.92)	(\$373.10)	2.5%	6,947	-27.0%	(\$5,069,897.96)	(\$729.75)	3.1%	85,789	-19.8%	(\$34,485,493.88)	(\$401.98)	2.6%
\$100,000 Over	10,947	-32.9%	(\$27,984,453.06)	(\$2,556.27)	2.6%	1,684	-34.6%	(\$8,379,897.96)	(\$4,975.56)	3.4%	12,632	-33.3%	(\$36,364,351.02)	(\$2,878.84)	2.8%
Total	514,526	-17.0%	(\$83,714,429.59)	(\$162.70)	2.2%	419,789	-18.3%	(\$32,437,115.31)	(\$77.27)	2.4%	934,316	-17.4%	(\$116,151,544.90)	(\$124.32)	2.3%
Fiscal Impact:			(\$83,714,429.59)					(\$32,437,115.31)					(\$116,151,544.90)		
All Taxpayers:			(\$134,067,488.78)			Non-Resident:		(\$18,715,943.88)							

SIMULATION NO. 6388: TAX REFORM ACT OF 1986

TAX YEAR 1987
HOUSE BILLS 2363 AND 2374

Kansas Department Of Revenue

Individual Income Tax In Tax Year 1986
Resident Taxpayers
Impact By Bracket

HOUSE BILLS 2363 AND 2374

K.A.G.I. Bracket	Married					Single					Total Residents				
	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate
No K.A.G.I.	11,263	0.0%	\$0.00	\$0.00	0.0%	5,789	0.0%	\$0.00	\$0.00	0.0%	17,053	0.0%	\$0.00	\$0.00	0.0%
\$0 \$5,000	14,947	-100.0%	(\$13,775.51)	(\$0.92)	0.0%	104,105	-54.0%	(\$551,710.20)	(\$5.30)	0.2%	119,053	-54.7%	(\$565,405.71)	(\$4.75)	0.1%
\$5,000 \$15,000	73,895	-11.3%	(\$786,102.04)	(\$10.64)	0.8%	166,421	-0.5%	(\$182,318.37)	(\$1.10)	1.0%	240,316	-2.7%	(\$968,420.41)	(\$4.03)	1.5%
\$15,000 \$25,000	98,042	-0.2%	(\$66,530.61)	(\$0.67)	1.7%	85,150	0.0%	\$0.00	\$0.00	3.0%	184,000	-0.1%	(\$66,530.61)	(\$0.36)	2.3%
\$25,000 \$35,000	106,947	0.0%	\$0.00	\$0.00	2.3%	34,421	0.0%	\$0.00	\$0.00	3.2%	141,368	0.0%	\$0.00	\$0.00	2.5%
\$35,000 \$50,000	118,042	0.0%	\$0.00	\$0.00	2.7%	15,263	0.0%	\$0.00	\$0.00	3.2%	134,185	0.0%	\$0.00	\$0.00	2.8%
\$50,000 \$100,000	78,042	0.0%	\$0.00	\$0.00	3.0%	6,947	0.0%	\$0.00	\$0.00	3.5%	85,789	0.0%	\$0.00	\$0.00	3.1%
\$100,000 Over	16,947	0.0%	\$0.00	\$0.00	3.9%	1,684	0.0%	\$0.00	\$0.00	4.5%	12,632	0.0%	\$0.00	\$0.00	4.0%
Total	514,526	-0.2%	(\$866,400.16)	(\$1.68)	2.7%	419,789	-0.4%	(\$734,020.57)	(\$1.75)	2.8%	934,316	-0.2%	(\$1,600,436.73)	(\$1.71)	2.7%
Fiscal Impact:			(\$866,400.16)					(\$734,020.57)					(\$1,600,436.73)		
All Taxpayers:			(\$1,776,544.90)			Non-Resident:		(\$176,100.16)							

SIMULATION NO. 6316: TAX REFORM ACT OF 1986

TAX YEAR 1988
HOUSE BILL 2363 AND 2374

Kansas Department Of Revenue

Individual Income Tax In Tax Year 1986
Resident Taxpayers
Impact By Bracket

HOUSE BILL 2363 AND 2374

K.A.G.I. Bracket	Married					Single					Total Residents				
	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Increase	Dollar Change In Liability	Dollar Change Per Return	Effective Rate
No K.A.G.I.	11,263	0.0%	\$0.00	\$0.00	0.0%	5,789	0.0%	\$0.00	\$0.00	0.0%	17,053	0.0%	\$0.00	\$0.00	0.0%
\$0 \$5,000	14,947	-100.0%	(\$13,775.51)	(\$0.92)	0.0%	104,105	-67.9%	(\$904,412.24)	(\$8.69)	0.0%	119,053	-88.1%	(\$918,187.75)	(\$7.71)	0.0%
\$5,000 \$15,000	73,895	-20.9%	(\$1,469,730.61)	(\$19.89)	0.7%	166,421	-6.7%	(\$206,093.88)	(\$1.24)	1.0%	240,316	-4.6%	(\$1,675,824.49)	(\$6.97)	1.5%
\$15,000 \$25,000	98,842	-0.4%	(\$154,387.76)	(\$1.56)	1.7%	85,158	0.0%	\$0.00	\$0.00	3.0%	184,000	-0.2%	(\$154,387.76)	(\$0.84)	2.3%
\$25,000 \$35,000	106,947	0.0%	\$0.00	\$0.00	2.3%	34,421	0.0%	\$0.00	\$0.00	3.3%	141,368	0.0%	\$0.00	\$0.00	2.6%
\$35,000 \$50,000	118,842	0.0%	\$0.00	\$0.00	2.7%	15,263	0.0%	\$0.00	\$0.00	3.5%	134,105	0.0%	\$0.00	\$0.00	2.8%
\$50,000 \$100,000	78,842	0.0%	\$0.00	\$0.00	3.1%	6,947	0.0%	\$0.00	\$0.00	4.2%	25,789	0.0%	\$0.00	\$0.00	3.2%
\$100,000 Over	18,947	0.0%	\$0.00	\$0.00	3.9%	1,684	0.0%	\$0.00	\$0.00	5.2%	12,632	0.0%	\$0.00	\$0.00	4.2%
Total	514,526	-0.3%	(\$1,637,893.88)	(\$3.18)	2.7%	419,789	-0.6%	(\$1,110,506.12)	(\$2.65)	2.9%	934,316	-0.4%	(\$2,748,400.00)	(\$2.94)	2.7%
Fiscal Impact:			(\$1,637,893.88)					(\$1,110,506.12)					(\$2,748,400.00)		
All Taxpayers:			(\$3,003,453.06)			Non-Resident:		(\$255,853.06)							