

Approved

May 7, 1992

Minutes of the House Committee on Taxation. The meeting was called to order by Joan Wagnon, Chairperson, at 9:10 a.m. on Friday, March 6, 1992 in room 519-S of the Capitol.

All members were present except:

Committee staff present:

Tom Severn & Chris Courtwright, Legislative Research Analysts; Don Hayward, Revisor; Linda Frey, Committee Secretary; Douglas E. Johnston, Committee Assistant.

Conferees appearing before the committee:

Information from the following was distributed to the committee:

Home Builders Association of Greater Kansas City  
(Attachments 1 and 2)  
Department of Revenue: Major State General Fund Taxes amount collected by fiscal year (Attachment 3)

The Chair announced HB 2892 had been referred to the committee. She said the committee would continue to work HB 2892 after which she would accept a motion to amend HB 2891 into HB 2892.

Rep. Bruce Larkin made a motion to repeal the sales tax exemption on lottery tickets. Rep. Steve Wiard seconded the motion which carried.

Rep. Gwen Welshimer made a motion to repeal the exemption on educational materials purchased by nonprofit organizations. The motion died for lack of a second.

Rep. Jesse Harder made a motion to adopt an income tax rate change based on simulation 0139 (Attachment 4). Rep. Larkin seconded the motion.

Rep. Harder said revenue is needed to pay for schools and that the fairest tax of all is a progressive income tax, meaning that higher income earners pay higher percentages of their income in taxes. He said the public supports a progressive income tax especially for the purpose of property tax relief. His proposal will raise \$138 million.

Rep. Bob Vancrum asked Rep. Harder if his motion was identical to the income tax passed by the house last year.

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MINUTES OF THE House COMMITTEE ON Taxation, room 519-S, Statehouse, at 9:10 a.m. on Friday, March 6, 1992.

Rep. Harder replied that it was not identical, but that it has three brackets and conforms in 1992 to the federal standard deduction.

Rep. Larkin asked Steve Stotts, Director of Research for the Department of Revenue, to discuss the income tax increases in the simulation. Stotts said the current federal standard deduction (for 1992) is \$5,900 for married couples to which the Kansas income tax structure does not currently conform. He said the rate increase proposed by Rep. Harder would not effect incomes under \$48,500 because of the personal exemption and standard deductions.

In response to a question, Rep. Harder said he had intended his motion to include prospective conformity with federal standard deduction.

The Chair said the motion of Rep. Harder would be divided between the income tax rate changes and prospective conformity.

Rep. Harder replied to a question from Rep. Jim Lowther by stating he chose simulation 0139 because it is a progressive income tax structure that raises more revenue than others. He said more revenues must be raised to finance public education.

Rep. Larkin said the proposal of Rep. Harder was much more progressive than an across the board surtax on all tax liabilities.

In response to a question, Stotts said the Missouri income tax rate is 6%, Nebraska is 6.41%, Oklahoma is 4%. He said Kansas is the only state that applies different rates for single and married returns.

Rep. Wiard spoke in favor of the motion of Rep. Harder, stating that the income tax was the fairest form of taxation.

Rep. Betty Jo Charlton stated her concern that the difference in rates between single and married taxpayers is inequitable.

Rep. Aldie Ensminger challenged Rep. Wiard to show why ability to pay should be used as a determination of levying taxes if a connection cannot be shown between the ability to pay and the receipt of additional services.

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The Chair brought the motion to a vote. The motion carried with 12 for and 9 against.

The motion to make conformity prospective failed. The conformity with the federal deduction will be for only the year of enactment (1992).

Rep. Lowther made a motion to amend the proposed income tax brackets by the following:

\$0 to \$40,000 at the lowest tax rate

Above \$40,000 to \$60,000 at 6.10%

Above \$60,000 at 7%

Rep. Vancrum seconded the motion.

Rep. Lowther said his motion would make the income tax increase more fair to middle income wage earners.

In response to a question, Stotts said the motion would reduce the new income tax structure revenue by \$30 million. He said everyone that has an income above \$40,000 would benefit from the motion.

Rep. Reardon stated his support for a progressive income tax and that he would favor a fourth income tax bracket above the three approved by the committee, but that he did not support Rep. Lowther's motion at this time because of the revenue loss. He said he may favor such a combination in bracket changes when the bill reaches the floor of the House.

Rep. Lowther stated his concern that the committee is trying to reach a dollar figure of revenue but is not concerning itself with the changes effect on the income tax structure.

The motion of Rep. Lowther failed with 9 for and 11 against.

Rep. Larkin made a motion to raise corporate income tax rates (Attachment 5). Rep. Joan Adam seconded the motion.

Rep. Keith Roe spoke against the motion. He said raising corporate income taxes would be bad for economic development and that Kansas already has higher corporate income taxes than surrounding states. This would impede Kansas' ability to compete economically with other states, he said.

Rep. Vancrum said the motion would only raise \$8 million

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and that it would be easy for corporations to avoid paying on the higher tax rate. He said the increase would cause a loss of jobs to neighboring states with lower rates.

Rep. Reardon spoke in favor of the proposal. He said property tax relief would be greater than the corporate income tax increase. He said the proposal does not increase corporate income taxes enough.

In response to a question from Rep. Adam, Stotts said 18,650 corporations out of 32,000 do not pay any corporate income taxes to the state of Kansas.

Rep. Gene Shore said the motion would send businesses a negative message.

Rep. Lowther said increasing corporate income taxes would constitute a second hit on service businesses that were forced to pay higher property taxes when inventories were taken off the tax roles.

The motion to raise corporate income tax rates carried with 11 for and 10 against.

Rep. Ken Grotewiel made a motion to adopt the following amendment:

"The State Corporation Commission shall, upon application by any public utility as defined by K.S.A. 66-104, accept for filing and make effective within ten (10) days of such filing changes to rate(s) and tariff(s) in an amount equivalent to the total increase or decrease in tax due as a result of any change in tax rates or assessments imposed under this chapter, or amendments thereto, which amount shall be allocated by such public utility among its customer base, on the basis of a percentage of total bills, without regard to service classification."

Rep. Welshimer seconded the motion.

The Chair stated that the motion to amend was requested by Kansas Power & Light representatives.

Rep. Vancrum said the motion would enable K. G. & E. to raise their utility rates to pay for the increase in property taxes resulting from the statewide mill levy.

Rep. Shore said the motion would automatically grant an increase in utility rates without ever having a public



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hearing. He spoke against the motion.

The Chair noted the merger agreement between K. G. & E. and Kansas Power & Light allows, under extraordinary circumstances, the utilities to apply for rate increases.

Rep. Roe said he favored the motion because it highlights the weakness of the statewide mill levy plan.

Rep. Reardon moved to amend the motion so that the Corporation Commission will allow utilities to raise their rates to compensate for an increase in property taxes for 1992. A rate decrease would be required in cases where the utilities received property tax reductions. Rep. Larkin seconded the motion which carried.

Rep. Ensminger said utility rate increases will constitute a double hit on his constituents; that was not fair.

The amended motion of Rep. Grotewiel carried.

Rep. Larkin made a motion to amend HB 2891, as amended, into HB 2892. Rep. Adam seconded the motion.

Rep. Roe stated his support for the motion.

The motion carried.

Rep. Larkin made a motion to report HB 2892, as amended, favorably for passage. Rep. Adam seconded the motion.

Rep. Vancrum said HB 2892 would possibly cost \$420 million which is more funding than is currently in bill. He spoke against the motion and asked where the rest of the money to fund HB 2892 was going to come from. The bill should be left in committee, he said.

Rep. Roe made a substitute motion to lower the severance tax on natural gas. Rep. Shore seconded the motion.

Rep. Roe said decreasing the severance tax on gas to the same rate as oil would decrease revenues by \$25 million.

Rep. Shore spoke in favor of the motion to decrease the severance tax.

The Chair noted she plans to address the severance tax in a separate bill if the statewide levy passes.

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Statehouse, at 9:10 a.m. on Friday, March 6, 1992.

The substitute motion failed with 10 for, 11 against.

Rep. Rex Crowell noted that HB 2892 does not raise enough revenue to fund the education plan.

The committee engaged in a vigorous discussion on the merits of reporting a bill that did not contain enough revenues.

The motion to report the bill favorably for passage carried with 12 affirmative votes. The following voted no:

Rep. Keith Roe  
Rep. Rex Crowell  
Rep. Aldie Ensminger  
Rep. Kent Glasscock  
Rep. J. C. Long  
Rep. Jim Lowther  
Rep. Jo Ann Pottorff  
Rep. Eugene Shore  
Rep. Marvin Smith  
Rep. Vince Snowbarger  
Rep. Bob Vancrum

The meeting was adjourned at 10:12 a.m. The next meeting will be on March 9 at 9:00 a.m.

GUEST LIST

COMMITTEE: House of Representatives

DATE: 3/6/92

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
James Mc Cleis	Allen E. Miller	self
Lwanna Homewy	Topeka	KS Collectors Ass'n
BEU BRADLEY	TOPEKA	KS Assoc of Counties
Alan Steppat	Topeka	Pete McBoill & Associates
Patricia Hurley	Topeka	M. Geel - Assoc.
Bob Totten	Topeka	KS Contractors Association
Dan Haas	Overland Park	KCPK
Jim Ludwig	Topeka	KPL
Wesley Libes	Topeka	KLA
Tom Allen	"	AGRIC - Assoc.
Rick Loveall	"	Governor's Office
Kevin Johnson	Topeka	KS Lodging Ass'n
Kirby L. Stegman		KDOR
JANICE MARLUM	Topeka	KDOR
Ron Herin	"	Mesa
Chuck Adams	"	KBA
Dennis Zimmerman	Ulysses	Gen. Eco Dev Council
Ethel Evans	Giant Co.	Co. Commissioner
Phil Knight	ULYSSES	USD #214
Don Schwack	Topeka	KIOGA
Edward R. Moses	Topeka	KAPA
Bernie Koch	Wichita	Wichita Chamber
ROBIN NICHOLS	WICHITA	USD 259
Mary Ellen Conlee	Wichita	KS Assoc for Small Business



GUEST LIST

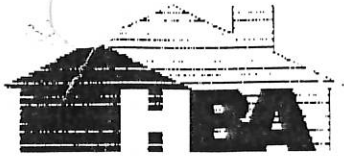
COMMITTEE: House of Delegation

DATE: 3/6/92

NAME (PLEASE PRINT)	ADDRESS	COMPANY/ORGANIZATION
Bob Corkins	Topeka	KCCI
SUSAN SOMERS	Topeka	KSCPA
T.C. ANDERSON	TOPEKA	KSCPA
S. Lucky DeVries	Topeka	Colgate-Palmolive Kan. Assoc. Equip. Distrib.
Art Brown	KC -	KS. LBR dealers
Gerald Henderson	Topeka	USAF K's
KAREN FRANCE	TOPEKA	KAR
Tom Whitaker	Topeka	Ks Assoc. Teachers Assn
Ken Peterson	Topeka	KS Petroleum Council
Janet Stubbs	Topeka	NBA of Ks.
Chris Wilson	Topeka	KS Grain & Feed Ass'n
William	"	KBA
Paul E. Fleener	Manhattan	Kansas Farm Bureau
Dennis Apt	Topeka	U.S.D # 500
HAROLD PITTS	"	AAEP-CCTF
Geo CARDINAL	SALTAN	The Public Accts Assn of KS
JEFF SONNICK#	TOPEKA	KNCS I
Ruth Wilkins	Topeka	League of Women Voters
BRAD SMOOT	"	B&V
Frances Kastner	Topeka	Ks Food Dealers Assn
Trudy ARON	"	Am Inst of ARCHITECTS
John Peterson	"	Beck Aircraft
Christy Young	Topeka	Topeka Chamber of Comm
Julie Heid	TOP	MECA







**Home Builders  
Association**  
of Greater Kansas City



600 EAST 103rd STREET • KANSAS CITY, MO 64131 • PHONE 816-942-8800 • FAX 816-942-8367  
March 4, 1992

Representative Joan Wagnon  
State Capitol  
Topeka, KS 66612

Dear Representative Wagnon:

On behalf of the Home Builders Association of Greater Kansas City, providing housing for Johnson, Wyandotte, Leavenworth, Miami, Douglas and Franklin counties, I am writing to urge you to **leave the sales tax exemption on labor in original construction intact** as you consider House Bill 2891.

In recent days, your committee has heard testimony supporting the repeal of sales tax exemptions--specifically "original construction services" from well-intentioned proponents who say that this would be a "progressive tax," paid only by those who can afford it--new Kansas homebuyers. Unfortunately, it is not so simple.

For every \$1,000 added to the cost of a home, 100,000 families nationwide are no longer able to qualify to purchase a home. Affordable housing helps attract new economic development and retain the economic advantages we have already created. It also gives our Kansas families the opportunity for individual home ownership.

For example, On an \$80,000 home in Miami County, a new homebuyer would pay an additional **\$1,424.00 in sales tax**, raising the total cost of the home to \$81,424.00 if this exemption were removed. As you heard in testimony, the builder will pass this cost on to the new homebuyer after he has added the necessary interest on his now higher construction loan (at 10% for 6 months approx. \$71.00), his overhead and profit (approx. \$142.00) and mortgage-related costs at closing (at 2%, approx. \$32.74). The **total financed (\$1,669.74)** by the new homeowner at 9% over 30 years means that an additional **\$4,836.64 is paid over the life of the loan**, making the monthly payment \$13.43 higher per month.

It is important to keep in mind that financing "soft costs" does not add equity to a home. Additionally soft costs may not be able to be borrowed, so the homebuyer may have to come up with more cash at closing.

Housing costs are increasing everywhere in Kansas. Lumber prices have skyrocketed this past year in the wake of increasing environmental protections. Infrastructure demands and new federal regulation costs are all being passed on to the new home buyer. The combined effects of the tax for original construction added to the costs of new local

House Taxation  
Attachment 1  
03-06-92

government regulations may increase an \$80,000 home to \$85,000 in the next 90 days in more than one Kansas county. How can the Governor and Legislature in good conscience consider adding these costs at the same they recommend the need for a state housing agency to make more affordable housing available?

As we look at what this tax does to the cost of a new home, we tend to forget that new home prices have a direct impact on existing new home values, driving them up more quickly. As existing home values go up, so do their assessed valuations--and finally, so do property taxes, creating the same effect the Legislature is working to alleviate.

We sympathize with the state's need for revenue but respectfully request that the sales tax exemption on labor remain in effect and alternative means of funding available be given more consideration. As Congress works to put together tax credits for first-time buyers and fuel our economic recovery, our Kansas home builders would ask your committee to look carefully at the effects on Kansas homebuyers of repealing the exemption on original construction.

Sincerely,

A handwritten signature in cursive script that reads "Ed Thomson III".

Ed Thomson III  
President





**Home Builders  
Association**

of Greater Kansas City

600 EAST 103rd STREET • KANSAS CITY, MO 64131 • PHONE 816-942-8800 • FAX 816-942-8367



DATE: 3/4/92

TO: Brad Smoot

FROM: Sara Corless

RE: Sales Tax on Labor

The attached handouts make the following the following basic assumptions:

The **Average Cost of Labor** is 1/3 of the cost of the home (for example \$30,000 on a \$90,000 home).

The **Tax on Home** is not just the 4.25 the state refers to. It will be the local tax which is higher in each of the examples I've provided--anywhere from 5.25 to 5.85%.

A builder will have to include the sales tax that he will be paying to his subcontractors as part of the construction loan and pay **Interest** on that-- probably 2 points over prime--so 10% is conservative.

A builder must include **Overhead and Profit** on any additional costs which is listed at 10% here--national averages are closer to 20%.

So the **Total Cost** on the New Home is \$1,811.25 for the new homebuyer.

Until he goes to closing on the house and then he will have **Mortgage Related Costs** at no less than 2%.

Then, if lucky he will be approved for the loan after coming up with more money in a down payment--not reflected here--and **Over 30 years @ 9%** he will now pay 4-5 times the tax on the life of the loan.

House Taxation  
Attachment 2  
03-06-92

SALES TAX ON LABOR IN ORIGINAL CONSTRUCTION  
 EFFECT ON KANSAS AFFORDABLE HOUSING  
 \$90,000 HOME IN DOUGLAS COUNTY

AVERAGE COST OF LABOR	\$30,000.00
TAX ON HOME IN LAWRENCE, KS @ 5.25	\$1,575.00
ADD INTEREST of 10% on construction loan for 6 mo.	78.75
ADD OVERHEAD and PROFIT of 10%	157.50
TOTAL COST on NEW HOME	\$1,811.25
ADD MORTGAGE RELATED COSTS @ 2%	36.23
TOTAL FINANCED	\$1,847.48
 Total over 30 years @ 9% - Paid by Homeowner	 \$5,351.49

\*Effect on Monthly Payment.....\$14.86

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**SALES TAX ON LABOR IN ORIGINAL CONSTRUCTION  
EFFECT ON KANSAS AFFORDABLE HOUSING  
\$80,000 HOME IN MIAMI COUNTY**

AVERAGE COST OF LABOR	\$26,664.00
TAX ON HOME IN PAOLA, KS @ 5.34%	\$1,424.00
ADD INTEREST of 10% on construction loan for 6 mo.	71.00
ADD OVERHEAD and PROFIT of 10%	142.00
TOTAL COST on NEW HOME	\$1,637.00
ADD MORTGAGE RELATED COSTS @ 2%	32.74
TOTAL FINANCED	\$1,669.74
<b>Total over 30 years @ 9% - Paid by Homeowner</b>	<b>\$4,836.64</b>

\*Effect on Monthly Payment.....\$13.43

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**SALES TAX ON LABOR IN ORIGINAL CONSTRUCTION  
EFFECT ON KANSAS AFFORDABLE HOUSING  
\$100,000 HOME IN JOHNSON COUNTY**

AVERAGE COST OF LABOR	\$33,333.00
TAX ON HOME IN OVERLAND PARK, KS @ 5.85	\$1,949.98
ADD INTEREST of 10% on construction loan for 6 mo.	97.50
ADD OVERHEAD and PROFIT of 10%	195.00
TOTAL COST on NEW HOME	\$2,242.48
ADD MORTGAGE RELATED COSTS @ 2%	44.85
TOTAL FINANCED	\$2,287.33
Total over 30 years @ 9% - Paid by Homeowner	\$6,625.57
*Effect on Monthly Payment.....	\$18.40

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**SALES TAX ON LABOR IN ORIGINAL CONSTRUCTION  
EFFECT ON KANSAS AFFORDABLE HOUSING  
\$70,000 HOME IN LEAVENWORTH COUNTY**

AVERAGE COST OF LABOR	\$23,331.00
TAX ON HOME IN LEAVENWORTH, KS @ 5.25	\$1,224.88
ADD INTEREST of 10% on construction loan for 6 mo.	61.12
ADD OVERHEAD and PROFIT of 10%	122.24
TOTAL COST on NEW HOME	\$1,408.24
ADD MORTGAGE RELATED COSTS @ 2%	28.16
TOTAL FINANCED	\$1,436.40
<b>Total over 30 years @ 9% - Paid by Homeowner</b>	<b>\$4,160.14</b>
 *Effect on Monthly Payment.....	 \$11.56

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**Kansas Department of Revenue  
Major State General Fund Taxes  
Amount Collected by Fiscal Year**

	<u>1986</u>	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992 (Est.)</u>	<u>1993 (Est.)</u>
Individual	\$582.2	\$634.5	\$826.3	\$844.4	\$862.6	\$880.3	\$940.0	\$1,010.0
Sales	\$489.6	\$637.6	\$682.9	\$708.8	\$731.8	\$762.8	\$795.0	\$825.0
Corporate	\$135.8	\$104.6	\$171.4	\$172.9	\$167.6	\$185.3	\$167.0	\$185.0
Use	\$71.1	\$89.2	\$92.9	\$97.4	\$94.3	\$101.4	\$102.0	\$105.0
Mineral	\$92.0	\$57.1	\$73.2	\$70.7	\$77.4	\$89.4	\$81.5	\$76.6
All Other	\$362.7	\$312.6	\$339.6	\$404.8	\$444.2	\$452.5	\$453.2	\$443.1
Total	\$1,641.4	\$1,778.5	\$2,113.1	\$2,228.3	\$2,300.5	\$2,382.3	\$2,457.2	\$2,568.1

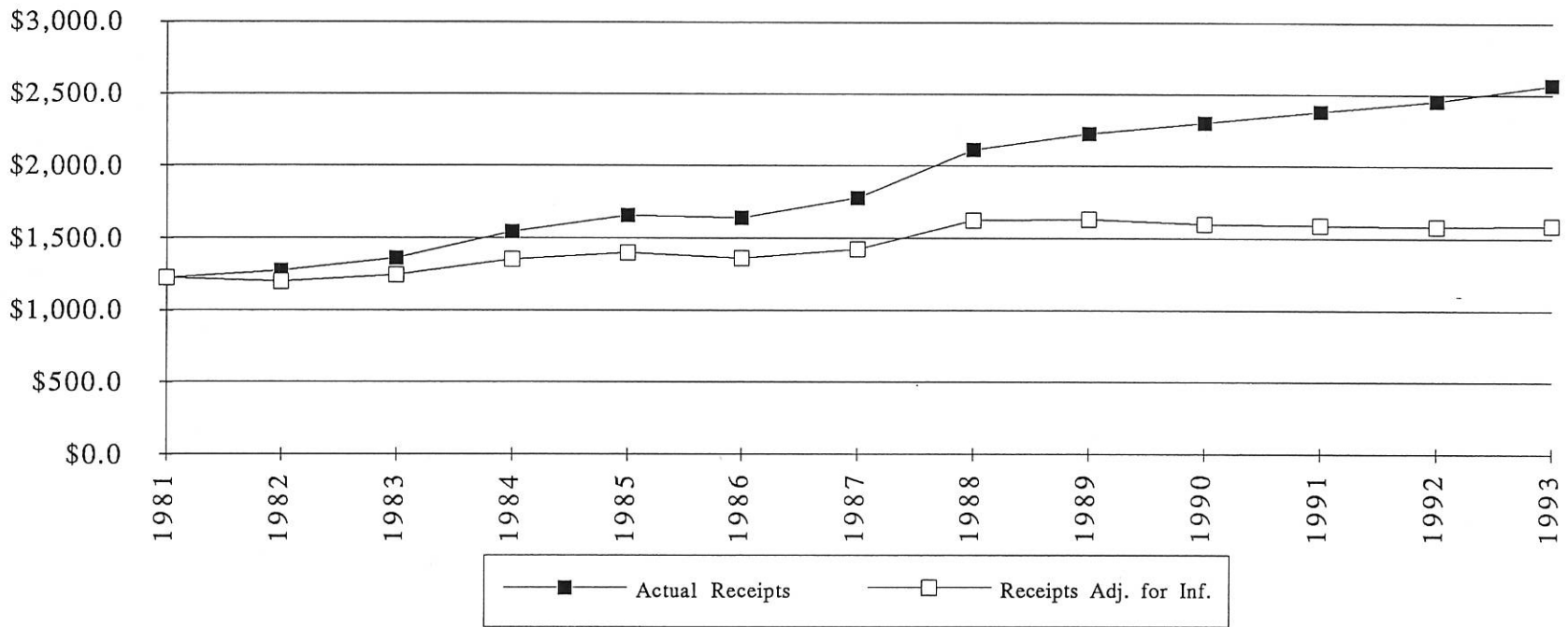
**Kansas Department of Revenue  
Major State General Fund Taxes  
Percentage Change by Fiscal Year**

	<u>1987</u>	<u>1988</u>	<u>1989</u>	<u>1990</u>	<u>1991</u>	<u>1992 (Est.)</u>	<u>1993 (Est.)</u>
Individual	9.0%	30.2%	2.2%	2.2%	2.1%	6.8%	7.4%
Sales	30.2%	7.1%	3.8%	3.2%	4.2%	4.2%	3.8%
Corporate	-23.0%	63.9%	0.9%	-3.1%	10.6%	-9.9%	10.8%
Use	25.5%	4.1%	4.8%	-3.2%	7.5%	0.6%	2.9%
Mineral	-37.9%	28.2%	-3.4%	9.5%	15.5%	-8.8%	-6.0%
All Other	-13.8%	8.6%	19.2%	9.7%	1.9%	0.2%	-2.2%
Total	8.4%	18.8%	5.5%	3.2%	3.6%	3.1%	4.5%

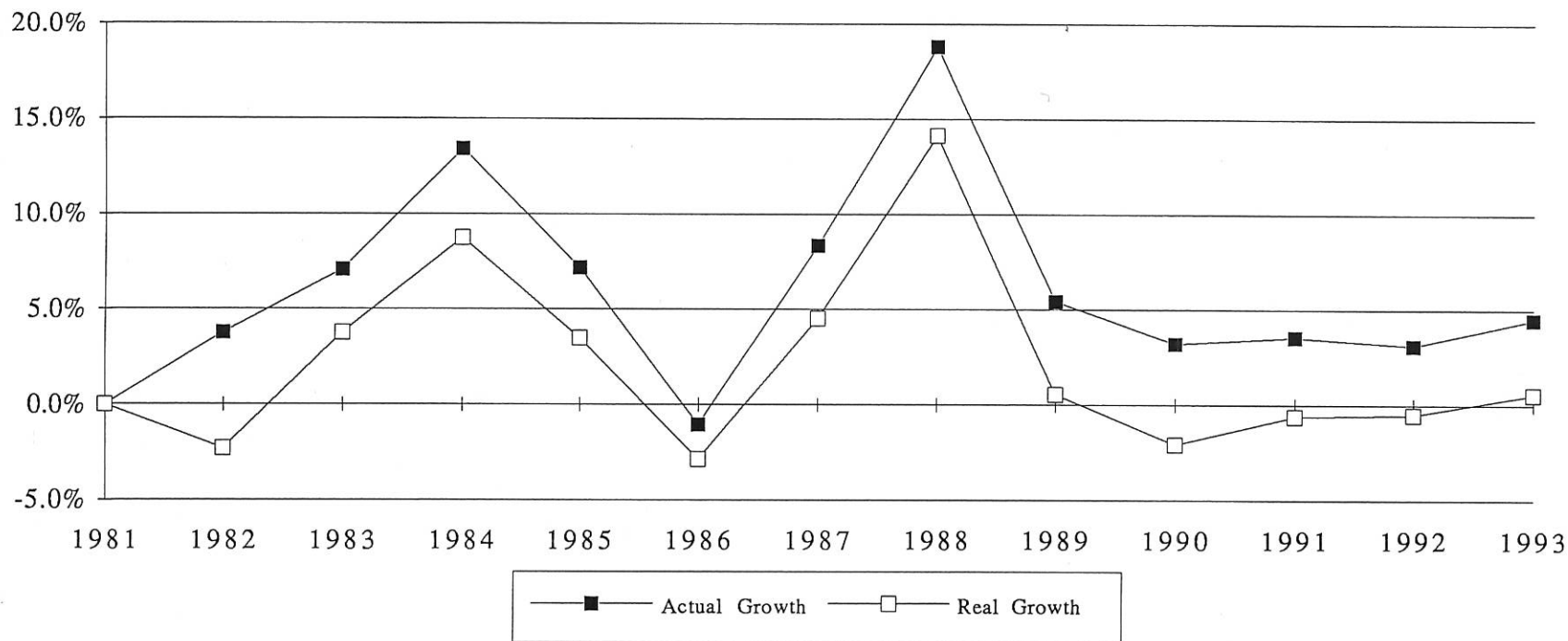
*House Taxation  
Attachment 3  
03-06-92*



**Kansas Department of Revenue  
State General Fund Revenues  
Actual Receipts Compared to Real Receipts After Inflation  
Base Year is 1981**



Kansas Department of Revenue  
Percent Change  
Actual and Real State General Fund Receipts



**Proposed Tax Rates**

Married:	\$0 - \$30	3.65%
	\$30 - \$60	6.10%
	\$60 - Over	7.00%
Single:	\$0 - \$20	4.55%
	\$20 - \$30	7.25%
	\$30 - Over	7.90%

Kansas Department Of Revenue  
Individual Income Tax In Tax Year 1992  
Resident Taxpayers  
Liability Dollars are in Millions

Proposed Changes:  
Elimination of the Federal Deductibility Option  
Conformity to Federal Standard Deduction Amounts

	Current	Proposed
Married Filing Joint	\$5,000	\$5,900
Single	\$3,000	\$3,500
Head of Household	\$4,400	\$5,000
Married Filing Separate	\$2,500	\$2,950

SIMULATION 0139

Married						Single					Total Residents				
K.A.G.I. Bracket	No. Of Returns	Percent Change	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Change	Dollar Change In Liability	Dollar Change Per Return	Effective Rate	No. Of Returns	Percent Change	Dollar Change In Liability	Dollar Change Per Return	Effective Rate
No K.A.G.I.	5,835	0.0%	\$0.0	\$0.00	0.0%	4,728	0.0%	\$0.0	\$0.00	0.0%	10,563	0.0%	\$0.0	\$0.00	0.0%
\$0 \$5	12,072	0.0%	\$0.0	\$0.00	0.0%	110,563	-46.1%	(\$0.5)	(\$4.48)	0.2%	122,636	-46.1%	(\$0.5)	(\$4.04)	0.2%
\$5 \$15	58,048	-20.3%	(\$0.5)	(\$8.23)	0.3%	168,209	-8.1%	(\$2.4)	(\$14.09)	1.6%	226,258	-9.0%	(\$2.8)	(\$12.59)	1.2%
\$15 \$25	79,879	-5.5%	(\$1.4)	(\$17.36)	1.4%	97,787	-2.6%	(\$1.4)	(\$14.43)	2.7%	177,666	-3.5%	(\$2.8)	(\$15.75)	2.1%
\$25 \$35	79,175	-3.5%	(\$1.8)	(\$22.46)	1.9%	52,515	7.4%	\$3.7	\$69.94	3.3%	131,690	1.9%	\$1.9	\$14.39	2.5%
\$35 \$50	112,676	1.3%	\$1.5	\$13.49	2.3%	31,388	19.0%	\$8.7	\$277.03	4.1%	144,064	6.4%	\$10.2	\$70.91	2.7%
\$50 \$100	135,513	14.4%	\$37.9	\$279.50	3.2%	15,091	27.7%	\$10.3	\$684.46	4.8%	150,604	16.1%	\$48.2	\$320.08	3.3%
\$100 Over	23,742	35.7%	\$64.0	\$2,695.81	4.8%	2,414	36.7%	\$8.0	\$3,297.77	6.0%	26,157	35.8%	\$72.0	\$2,751.38	4.9%
<b>Total</b>	<b>506,942</b>	<b>15.8%</b>	<b>\$99.8</b>	<b>\$196.79</b>	<b>3.0%</b>	<b>482,696</b>	<b>11.0%</b>	<b>\$26.4</b>	<b>\$54.66</b>	<b>3.1%</b>	<b>989,638</b>	<b>14.5%</b>	<b>\$126.1</b>	<b>\$127.46</b>	<b>3.1%</b>

Current Law Tax Rates

	With Federal Deductibility	No Federal Deductibility
Married:	\$0 - \$20	4.75%
	\$20 - \$35	5.00%
	\$35 - \$45	8.50%
	\$45 - Over	8.75%
Single:	\$0 - \$2	4.75%
	\$2 - \$10	5.60%
	\$10 - \$20	5.75%
	\$20 - \$30	8.50%
	\$30 - Over	8.75%

**Fiscal Impact:**

All Taxpayers:	\$138.0
Residents Only:	\$126.1
Married Residents:	\$99.8
Single Residents:	\$26.4
Non-Residents:	\$11.9

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Kansas Department Of Revenue  
Individual Income Tax In Tax Year 1992  
Resident Taxpayers

Current Law

4-2

Married

Single

Total Residents

K.A.G.I. Bracket	Married					Single					Total Residents				
	No. Of Returns	Percent Of KAGI	Liability	Percent Of Total	Effective Rate	No. Of Returns	Percent Of KAGI	Liability	Percent Of Total	Effective Rate	No. Of Returns	Percent Of KAGI	Liability	Percent Of Total	Effective Rate
No K.A.G.I.	5,835	0.0%	\$0.00	0.0%	0.0%	4,728	0.0%	\$0.00	0.0%	0.0%	10,563	0.0%	\$0.00	0.0%	0.0%
\$0 \$5	12,072	0.1%	\$0.00	0.0%	0.0%	110,563	3.7%	\$1.07	0.1%	0.3%	122,636	1.1%	\$1.07	0.1%	0.3%
\$5 \$15	58,048	2.7%	\$2.36	0.3%	0.4%	168,209	20.0%	\$29.39	3.4%	1.7%	226,258	7.1%	\$31.75	3.6%	1.4%
\$15 \$25	79,879	6.9%	\$25.08	2.9%	1.5%	97,787	23.7%	\$54.37	6.2%	2.7%	177,666	11.3%	\$79.45	9.1%	2.2%
\$25 \$35	79,175	10.2%	\$50.17	5.7%	2.0%	52,515	19.3%	\$49.63	5.7%	3.1%	131,690	12.6%	\$99.80	11.4%	2.4%
\$35 \$50	112,676	20.5%	\$114.40	13.1%	2.3%	31,388	15.9%	\$45.72	5.2%	3.4%	144,064	19.3%	\$160.12	18.4%	2.5%
\$50 \$100	135,513	38.7%	\$262.23	30.1%	2.8%	15,091	11.7%	\$37.35	4.3%	3.8%	150,604	31.7%	\$299.58	34.3%	2.9%
\$100 Over	23,742	20.8%	\$179.06	20.5%	3.5%	2,414	5.9%	\$21.71	2.5%	4.4%	26,157	16.9%	\$200.77	23.0%	3.6%
Total	506,942	100.00%	\$633.29	72.6%	2.6%	482,696	100.00%	\$239.25	27.4%	2.8%	989,638	100.00%	\$872.55	100.00%	2.7%

Kansas Department Of Revenue

Individual Income Tax In Tax Year 1992  
Resident Taxpayers

SIMULATION 0139

Married

Single

Total Residents

K.A.G.I. Bracket	Married					Single					Total Residents				
	No. Of Returns	Percent Of KAGI	Liability	Percent Of Total	Effective Rate	No. Of Returns	Percent Of KAGI	Liability	Percent Of Total	Effective Rate	No. Of Returns	Percent Of KAGI	Liability	Percent Of Total	Effective Rate
No K.A.G.I.	5,835	0.0%	\$0.00	0.0%	0.0%	4,728	0.0%	\$0.00	0.0%	0.0%	10,563	0.0%	\$0.00	0.0%	0.0%
\$0 \$5	12,072	0.1%	\$0.00	0.0%	0.0%	110,563	3.7%	\$0.58	0.1%	0.2%	122,636	1.1%	\$0.58	0.1%	0.2%
\$5 \$15	58,048	2.7%	\$1.88	0.2%	0.3%	168,209	20.0%	\$27.02	2.7%	1.6%	226,258	7.1%	\$28.90	2.9%	1.2%
\$15 \$25	79,879	6.9%	\$23.69	2.4%	1.4%	97,787	23.7%	\$52.96	5.3%	2.7%	177,666	11.3%	\$76.65	7.7%	2.1%
\$25 \$35	79,175	10.2%	\$48.39	4.8%	1.9%	52,515	19.3%	\$53.31	5.3%	3.3%	131,690	12.6%	\$101.69	10.2%	2.5%
\$35 \$50	112,676	20.5%	\$115.92	11.6%	2.3%	31,388	15.9%	\$54.41	5.4%	4.1%	144,064	19.3%	\$170.33	17.1%	2.7%
\$50 \$100	135,513	38.7%	\$300.10	30.0%	3.2%	15,091	11.7%	\$47.68	4.8%	4.8%	150,604	31.7%	\$347.79	34.8%	3.3%
\$100 Over	23,742	20.8%	\$243.06	24.3%	4.8%	2,414	5.9%	\$29.68	3.0%	6.0%	26,157	16.9%	\$272.74	27.3%	4.9%
Total	506,942	100.0%	\$733.05	73.4%	3.0%	482,696	100.00%	\$265.64	26.6%	3.1%	989,638	100.00%	\$998.69	100.00%	3.1%

Fiscal Impact:

\$99.76

\$26.38

\$126.14

All Taxpayers:

\$138.00

Non-Resident:

\$11.86

Kansas Department of Revenue

Corporate Income Tax Liability  
Returns Processed in 1991

No Tax	Net Taxable Income	Returns	Surtax		Current Tax Liability	Proposed Tax Liability
			Base Rate	Threshold		
		18,648	4.50%	\$25,000		
			2.25%			3.40%
						4.00%
\$0 - \$5	\$6,996,715	3,929			\$314,852.18	\$279,868.60
\$5 - \$10	\$11,230,638	1,546			\$505,378.71	\$449,225.52
\$10 - \$15	\$13,257,996	1,069			\$596,609.82	\$530,319.84
\$15 - \$20	\$14,217,546	818			\$639,789.57	\$568,701.84
\$20 - \$25	\$14,856,841	661			\$668,557.85	\$594,273.64
\$25 - \$30	\$15,565,154	567			\$731,710.40	\$622,606.16
\$30 - \$35	\$13,261,274	410			\$664,511.00	\$530,450.96
\$35 - \$40	\$14,872,896	397			\$780,607.98	\$594,915.84
\$40 - \$45	\$13,686,645	323			\$742,161.04	\$547,465.80
\$45 - \$50	\$15,561,745	326			\$867,042.79	\$622,469.80
\$50 - \$75	\$66,227,801	1,095			\$3,854,439.07	\$3,039,357.27
\$75 - \$100	\$45,771,103	535			\$2,788,611.95	\$2,477,561.62
\$100 - \$500	\$248,418,428	1,187			\$16,100,556.39	\$16,365,063.67
\$500 - \$1,000	\$149,492,315	216			\$9,969,231.26	\$10,695,231.31
\$1,000 - Over	\$1,473,870,939	287			\$99,324,850.88	\$108,578,549.49
	\$2,117,288,036	32,014			\$138,548,911	\$146,496,061

House Taxation  
Attachment  
03-08-91

No Taxable Income	Returns	Tax Liability		Difference	Dollar Change Per Return
		Current Law	Proposed		
No Taxable Income	18,648	\$0	\$0	\$0	\$0
\$0 - \$25,000	8,023	\$2,725,188	\$2,422,389	(\$302,799)	(\$38)
\$25,000 - \$50,000	2,023	\$3,786,033	\$2,917,909	(\$868,125)	(\$429)
\$50,000 - \$100,000	1,630	\$6,643,051	\$5,516,919	(\$1,126,132)	(\$691)
\$100,000 - Over	1,690	\$125,394,639	\$135,638,844	\$10,244,206	\$6,062
<b>Total</b>	<b>13,366</b>	<b>\$138,548,911</b>	<b>\$146,496,061</b>	<b>\$7,947,150</b>	<b>\$595</b>