

Approved: _____

Phill Kline
Date

MINUTES OF THE HOUSE COMMITTEE ON TAXATION.

The meeting was called to order by Chairperson Phill Kline at 9:00 a.m. on February 13, 1995 in Room 519-S of the Capitol.

All members were present except: Rep. Pottorff - excused

Committee staff present: Chris Courtwright, Legislative Research Department
Tom Severn, Legislative Research Department
Don Hayward, Revisor of Statutes
Ann McMorris, Committee Secretary

Conferees appearing before the committee: Listed after each bill heard.

Others attending: None

Chair opened hearing on:

HB 2149 - Income tax personal exemption amounts increased

Proponent: Rep. Tim Carmody (Attachment 1)

Rep. Carmody said the purpose of the bill is to focus attention on the issue of personal income taxes and look at our tax structure specifically personal exemptions. Questions and comments from the committee. Chair closed the hearing.

HB 2314 - Income tax personal exemption amounts conformed to federal amounts

Proponent - Rep. Tony Powell

Questions and comments from the committee. Chair closed the hearing.

Chair asked for introduction of committee bills:

Moved by Lawrence, seconded by Mays, a bill to equalize sales tax paid by broadcasters and newspapers. Motion carried.

Moved by Mays, seconded by Kirk, a bill regarding the Neighborhood Revitalization Act of 1994 exempting new construction in those areas from ad valorem property tax lid. Motion carried.

Moved by Larkin, seconded by Graeber, change RV bill to grandfather in those vehicles who had fallen off the schedule before the bill was passed in 1993. Motion carried.

Chair asked for approval of minutes for meetings held on February 3, 6, 7, 8, and 9, 1995.

Moved by Pettey, seconded by Hayzlett, minutes of the Taxation Committee meetings held on February 3, 6, 7, 8, 9, 1995 be approved. Motion carried.

Adjournment.

The next meeting is scheduled for February 14, 1995.

Personal Exemption Increased to \$2,800 from \$2,000



STATE OF KANSAS
HOUSE OF REPRESENTATIVES

Kansas Department Of Revenue
Individual Income Tax In Tax Year 1995

Resident Taxpayers

Liability Dollars are in Millions

TIM CARMODY
REPRESENTATIVE, 16TH DISTRICT

STATE CAPITOL—175 W
TOPEKA, KANSAS 66612-1504
(913) 296-7695

10710 W. 102ND STREET
OVERLAND PARK, KANSAS 66214
(913) 888-5632

SIMULATION 0048

K.A.G.I. Bracket	Married					Single					Total Residents				
	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.	6,740	0.0%	\$0.0	\$0.00	0.0%	5,332	0.0%	\$0.0	\$0.00	0.0%	12,072	0.0%	\$0.0	\$0.00	0.0%
\$0 \$5	11,972	0.0%	\$0.0	\$0.00	0.0%	105,131	-0.2%	\$0.0	(\$0.02)	0.4%	117,103	-0.2%	\$0.0	(\$0.02)	0.3%
\$5 \$15	54,527	-56.4%	(\$1.2)	(\$22.24)	0.2%	158,451	-15.6%	(\$4.4)	(\$27.89)	1.5%	212,978	-18.4%	(\$5.6)	(\$26.44)	1.1%
\$15 \$25	70,221	-25.1%	(\$5.4)	(\$76.70)	1.1%	99,296	-9.5%	(\$5.3)	(\$52.93)	2.5%	169,517	-13.8%	(\$10.6)	(\$62.77)	1.9%
\$25 \$35	72,535	-14.5%	(\$6.7)	(\$92.04)	1.7%	56,942	-7.5%	(\$4.3)	(\$75.36)	3.0%	129,477	-10.6%	(\$11.0)	(\$84.70)	2.3%
\$35 \$50	109,457	-11.1%	(\$12.4)	(\$112.93)	2.1%	37,726	-5.4%	(\$3.8)	(\$99.56)	4.0%	147,183	-8.9%	(\$16.1)	(\$109.50)	2.6%
\$50 \$100	152,113	-7.4%	(\$26.2)	(\$172.21)	3.1%	17,103	-3.1%	(\$1.9)	(\$108.45)	5.2%	169,215	-6.7%	(\$28.0)	(\$165.76)	3.3%
\$100 Over	29,376	-2.0%	(\$5.4)	(\$185.00)	4.5%	2,716	-0.8%	(\$0.3)	(\$103.31)	5.9%	32,093	-1.8%	(\$5.7)	(\$178.09)	4.6%
Total	506,942	-7.0%	(\$57.3)	(\$112.96)	2.9%	482,696	-6.5%	(\$19.9)	(\$41.14)	3.2%	989,638	-6.9%	(\$77.1)	(\$77.93)	3.0%

Current Law Tax Rates		
Married:	\$0 - \$30	3.50%
	\$30 - \$60 + \$1,050	6.25%
	\$60 - Over + \$2,925	6.45%
Single:	\$0 - \$20	4.40%
	\$20 - \$30 + \$880	7.50%
	\$30 - Over + \$1,630	7.75%

House Taxation
2-13-95
Attachment 1-1

al Impact:
Taxpayers: (\$83.7)
ients Only: (\$77.1)

ied Residents: (\$57.3)
e Residents: (\$19.9)

Residents: (\$6.6)

HB 2140

Kansas Department Of Revenue
Individual Income Tax In Tax Year 1995
Resident Taxpayers
Current Law

Married							Single					Total Residents				
K.A.G.I. Bracket	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	10,664	0.1%	\$0.00	0.0%	0.0%		102,213	3.2%	\$1.05	0.1%	0.4%	112,877	0.9%	\$1.05	0.1%	0.3%
\$5 \$15	51,408	2.2%	\$2.15	0.2%	0.4%		160,966	17.7%	\$28.40	2.5%	1.8%	212,374	6.2%	\$30.55	2.7%	1.4%
\$15 \$25	71,630	5.8%	\$21.43	1.9%	1.4%		99,698	22.4%	\$55.46	4.9%	2.7%	171,328	10.0%	\$76.90	6.9%	2.2%
\$25 \$35	74,044	8.8%	\$46.12	4.1%	2.0%		55,030	18.7%	\$57.05	5.1%	3.3%	129,074	11.4%	\$103.17	9.2%	2.6%
\$35 \$50	107,042	18.0%	\$111.83	10.0%	2.4%		38,531	18.2%	\$69.52	6.2%	4.2%	145,573	18.1%	\$181.34	16.2%	2.8%
\$50 \$100	156,036	41.6%	\$356.16	31.8%	3.3%		18,813	13.7%	\$60.78	5.4%	4.9%	174,849	34.4%	\$416.94	37.2%	3.4%
\$100 Over	30,282	23.5%	\$278.26	24.8%	4.5%		2,716	6.2%	\$33.50	3.0%	5.9%	32,998	19.0%	\$311.76	27.8%	4.6%
Total	506,942	100.00%	\$815.96	72.7%	3.1%		482,696	100.00%	\$305.76	27.3%	3.3%	989,638	100.00%	\$1,121.72	100.00%	3.2%

Kansas Department Of Revenue
Individual Income Tax In Tax Year 1995
Resident Taxpayers

SIMULATION 0048

Married							Single					Total Residents				
K.A.G.I. Bracket	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.	6,740	0.0%	\$0.00	0.0%	0.0%		5,332	0.0%	\$0.00	0.0%	0.0%	12,072	0.0%	\$0.00	0.0%	0.0%
\$0 \$5	11,972	0.1%	\$0.00	0.0%	0.0%		105,131	3.3%	\$1.05	0.1%	0.4%	117,103	1.0%	\$1.05	0.1%	0.3%
\$5 \$15	54,527	2.4%	\$0.94	0.1%	0.2%		158,451	17.6%	\$23.98	2.3%	1.5%	212,978	6.3%	\$24.92	2.4%	1.1%
\$15 \$25	70,221	5.7%	\$16.05	1.5%	1.1%		99,296	22.6%	\$50.21	4.8%	2.5%	169,517	10.0%	\$66.26	6.3%	1.9%
\$25 \$35	72,535	8.8%	\$39.45	3.8%	1.7%		56,942	19.6%	\$52.76	5.1%	3.0%	129,477	11.6%	\$92.21	8.8%	2.3%
\$35 \$50	109,457	18.7%	\$99.47	9.5%	2.1%		37,726	18.1%	\$65.76	6.3%	4.0%	147,183	18.5%	\$165.23	15.8%	2.6%
\$50 \$100	152,113	41.1%	\$329.96	31.6%	3.1%		17,103	12.6%	\$58.93	5.6%	5.2%	169,215	33.7%	\$388.89	37.2%	3.3%
\$100 Over	29,376	23.3%	\$272.83	26.1%	4.5%		2,716	6.3%	\$33.22	3.2%	5.9%	32,093	18.9%	\$306.04	29.3%	4.6%
Total	506,942	100.0%	\$758.69	72.6%	2.9%		482,696	100.00%	\$285.91	27.4%	3.2%	989,638	100.00%	\$1,044.60	100.00%	3.0%
Fiscal Impact:			(\$57.26)						(\$19.86)					(\$77.12)		
All Taxpayers:			(\$83.69)				Non-Resident:		(\$6.57)							

LETTER TO HOUSEHOLDS
NATIONAL SCHOOL LUNCH PROGRAM/SCHOOL BREAKFAST PROGRAM

Dear Parent/Guardian:

The school which your child(ren) attends participates in the National School Lunch Program. All meals served must meet patterns established by the U.S. Department of Agriculture. However, if a child has been determined by a doctor to be disabled and the disability would prevent the child from eating the regular school meal, this school will make any substitutions prescribed by the doctor. If a substitution is needed, there will be no extra charge for the meal. If you believe your child(ren) needs substitutions because of a disability, please get in touch with us for further information.

Students may purchase lunch for: _____

If your school participates in the School Breakfast Program, students may purchase breakfast for: _____

FREE AND REDUCED PRICE MEALS

- If you now get Food Stamps, Aid to Families with Dependent Children (AFDC) or Food Distribution Program on Indian Reservation (FDPIR) for your child(ren), those children can get free meals. Refer to application.
If your total household income is at or below the amounts on the Income Chart, your child(ren) can get free meals or pay 40 cents for reduced price lunch and 30 cents for reduced price breakfast. Refer to application.

INCOME CHART

Effective from July 1, 1994 to June 30, 1995

Table with 3 columns: Household Size, Annual, Month. Rows for household sizes 1 through 8, and a row for 'For each additional family member add'.

HOW TO APPLY

- To get free or reduced price meals for your child(ren), you must complete an application and return it to the school. An application that is not complete cannot be approved.
If you have a foster child, that child may be eligible for benefits regardless of your household income.

OTHER INFORMATION

- VERIFICATION: Your eligibility may be checked by school officials at any time during the school year. You may be asked to send information to prove that your child(ren) should get free or reduced price meals.
FAIR HEARING: If you do not agree with the school's decision on your application or the results of the verification, you may wish to discuss it with a school official. You may also ask for a fair hearing. You can do this by calling or writing:

Name _____ Phone _____

Address _____

- REPORTING CHANGES: If your child(ren) get free or reduced price meals because of your income, you must tell the school if your household size decreases or your income increases by more than \$50 per month or \$600 per year.
CONFIDENTIALITY: The information you give on the application will be used only to decide if your child(ren) should get free or reduced price meals.
REAPPLICATION: You may apply for free or reduced price meals at any time during the school year.
In the operation of the Child Nutrition Programs, no child(ren) will be discriminated against because of race, sex, color, national origin, age, or disability.

You will be notified when the application is approved or denied.

Sincerely,

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Joe & Mary & 3 Children

	<u>Current</u>	<u>1995</u>	<u>1999</u>
Fed. A.G.I.	\$30,000	\$30,000	\$30,000
Ks. Standard Ded.	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Ks. A.G.I.	25,000	25,000	25,000
Ks. Exemptions (x 5)	<u>10,000</u>	<u>14,000</u>	<u>18,000</u>
Ks. Taxable Income	15,000	11,000	7,000
TAX	526	386	246
Reductions:	\$140 - 1995		
	280 - 1999		

Jane & 2 Children

Fed. A.G.I.	22,000	22,000	22,000
Ks. Standard Ded.	<u>4,400</u>	<u>4,400</u>	<u>4,400</u>
Ks. A.G.I.	17,600	17,600	17,600
Ks. Exemptions (x 4)	<u>8,000</u>	<u>11,200</u>	<u>14,400</u>
	9,600	6,400	3,200
TAX	426	283	142
Reductions:	\$143 - 1995		
	284 - 1999		

IRONY: Both families are eligible for free school breakfasts and lunches and the children are "at risk" in our school finance formula.



STATE OF KANSAS
HOUSE OF REPRESENTATIVES

TIM CARMODY
REPRESENTATIVE, 16TH DISTRICT

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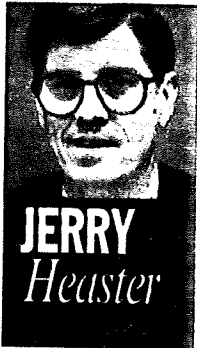
1-4
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Tax burden falls hardest on families

Democrats who campaign against the Republican "Contract With America" as fiscally irresponsible apparently refuse to understand how taxes have devastated family budgets.

President Clinton's attitude is typical. He recently said he wanted to cut middle-class taxes next year but wasn't sure it could be done without widening the budget deficit.

That may sound like fiscally principled leadership, but it's probably suicidal politics for any candidate foolish enough to support the president's position. And even if it is fiscally



JERRY Heuster

responsible, it still ignores the question of where the money rightfully belongs.

When elected leaders say a tax cut isn't feasible because government can't afford it, the implication is that government's financial needs are

more important than the taxpayer's. In this view, work's primary purpose is to support the ruling authority, which makes the worker a serf.

More's the pity, even politicians bold enough to advocate tax cuts are still too timid about it. The GOP "contract" proposal, for instance, seeks to ease the tax system's current bias against families. Opponents dismiss the bid as a budget buster, but in truth the proposed relief is much too modest when considered in the historical context.

Take the personal exemption, for example. If it had kept pace with family earnings growth since 1948, it would be \$7,000 instead of the \$2,350 allowed last year.

And don't forget Social Security. It has

gone from a 2 percent tax — including the employer's portion — on the first \$3,000 of income to a 15.3 percent tax on the first \$60,600 in earnings.

It's especially hard on two-paycheck families with children because both spouses pay alike and there's no lessening of the liability based on the number of dependents.

Another example of why voters may be getting fed up with the way Washington rigs the tax code against families is the Dependent Care Tax Credit, which provides a break for parents with kids in child care.

Heritage Foundation policy analyst Robert Rector points out that after "crushing the family with inordinate taxes," the system then subsidizes it with incentives "to put the mother out into the work force."

This situation continues to exist even though polls have shown that significant majorities of two-paycheck families would prefer that one parent stay home with the children.

How "inordinate" are our taxes?

Again, historical context is instructive. In 1950, federal tax outlays for a median income family with two children amounted to 2 cents of every dollar of income. Today it's 25 cents of each dollar, according to the Family Research Council.

The only proposal on the table in Washington that would come close to giving families a fair shake is the flat-tax proposal by U.S. Rep. Dick Armey of Texas, which proposes a \$26,200 exemption for couples filing jointly and a child deduction of \$5,300. Despite the overdue restoration of fairness this measure would achieve for families, it's being condemned by some liberals as a giveaway to the affluent.

This charge exposes Armey's critics as woefully out of touch with the Americans who pay government's bills. The combined federal, state and local tax take is nearly 40 cents of every dollar of income, which is one of the biggest reasons the middle-class has been losing ground in recent years.

Meantime, Washington always gets what it wants, even though it never seems to have any money left to provide relief for overburdened taxpayers.

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