

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on January 27, 2005 in Room 519-S of the Capitol.

All members were present except:

- Representative Lana Gordon- excused
- Representative Bruce Larkin- excused

Committee staff present:

- Chris Courtwright, Legislative Research Department
- Martha Dorsey, Legislative Research Department
- Gordon Self, Revisor of Statutes
- Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

- Representative Kinzer, Legislator
- Representative Thull, Legislator
- Representative Powers, Legislator
- Representative Brunk, Legislator
- Steve Stotts, Director of Taxation, Department of Revenue
- Gary Centlivre, Manager, Electronic Commerce & Taxation, Department of Revenue

Others attending:

See attached list

The Chairman opened the floor for bill introductions.

Representative Kinzer requested that a committee bill be introduced that would amend K.S.A. 12-2536, Kansas/Missouri Metropolitan Cultural District Compact. Representative Siegfried seconded the motion. The motion carried.

Representative Thull made a motion to introduce a bill that would create a tax exemption for cleaning and reconditioning drums used in the petroleum industry. Representative Treaster seconded the motion. The motion carried.

Representative Powers requested a bill be introduced concerning property tax classification for non-profits. Representative Carlin moved the request be introduced as a committee bill. Representative Carlin seconded the motion. The motion carried.

Representative Brunk moved that a bill be introduced relating to estate tax. Representative Siegfried seconded the motion. The motion carried.

Copies of the *2003 State Tax Revenue*, from the U.S. Bureau of the Census and Bureau of Economic Analysis, were distributed (Attachment 1).

The Chairman welcomed Steve Stotts, Director of Taxation, who briefed the committee on "Individual Income Tax Structure" (Attachment 2).

Mr. Stotts reviewed the areas in which Kansas conformed and does not conform to federal tax laws and how that impacted Kansas tax liability.

Key points of his briefing included the Federal Adjusted Gross Income and Kansas Adjusted Gross Income (KAGI).

He explained charts relating to:

- ▶ Kansas Individual Income Tax by Adjusted Gross Income Bracket
- ▶ Taxable Income as a Percent of KAGI
- ▶ Effective Tax Rate by KAGI Bracket
- ▶ Resident Returns by KAGI Bracket

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on January 27, 2005 in Room 519-S of the Capitol.

- ▶ Resident Returns as a Percent of Total
- ▶ Returns and Liability as a Percent of Total
- ▶ Individual Income Tax for Tax Year 2002 by County and the Fiscal Impact of the Economic Growth Tax Relief Reconciliation Act of 2001.

Discussion followed regarding the processes in which taxes are paid/withheld from KPERS and the 1993 lawsuit relating to military exemptions.

In response to questions Mr. Stotts agreed to provide additional information on KPERS taxes.

Chairman Wilk requested a table that would reflect the income, property and sales tax by county. Mr. Stotts agreed to provide that data. The consequences of de-coupling from federal tax laws were discussed.

Gary Centlivre, Manager, Electronic Commerce & Taxation gave a brief overview of paper filed returns used by Kansans. That was followed by a power point demonstration on electronic filing. Electronic filing gives the Department the capability to make it easier for taxpayers to file their tax returns. The number of individual 2004 income tax returns received by the state was 1,405,613 ( 45% - electronically and 51% paper filed returns). He estimated that 53% would file electronically in 2005. Access to forms for electronic remittance are available at: [www.Ks.revenue.org](http://www.Ks.revenue.org) or [www.AccessKs.org](http://www.AccessKs.org). The individual's social security number is their password, and a PIN number is either their previous refund/amount due number or a newly assigned number. He described various software programs available for use by the public. Discussion followed regarding security issues that protected individuals and the system.

In response to a question regarding electronic filing for homestead tax relief Secretary Wagon explained that currently the paper form for filing is still required due to the complexities related to issue of rental properties. They are currently working toward its inclusion for electronic filing.

The meeting was adjourned at 10:20 a.m. The next meeting is February 1, 2005.

# HOUSE TAXATION COMMITTEE GUEST LIST

DATE: 1-27-05

NAME	REPRESENTING
LOB MEALY	HEIN Loan Firm
David Corbin	K DOR
Richard Crum	"
Steve Stotts	"
Anna Durkes	DOB
Stephanie Buchanan	DOB
Wes Ashton	Ovovland Park Chamber
Robert J. Fasi	SBC
John Fredrick	Bany
Jacqueline Clark	Shellmail Cards
Amber Shaverdi	YMCA of KS
James May	Foxlton Seipkin LLP
Duane Simpson	KGFA - KARH
Mike Reecht	Ks Chamber

## 2003 State Tax Revenue

	Total Taxes (\$ million)	Per Capita	Rank	% of Pers. Income	Rank
Alabama	6,416	1,426	48	5.6	38
Alaska	1,069	1,648	37	5.1	46
Arizona	8,692	1,557	41	6.1	33
Arkansas	5,146	1,888	21	8.1	5
California	79,198	2,232	10	6.9	17
Colorado	6,636	1,458	47	4.4	50
Connecticut	9,509	2,730	2	6.5	26
Delaware	2,126	2,602	4	8.2	4
Florida	26,905	1,581	40	5.4	43
Georgia	13,412	1,544	42	5.4	41
Hawaii	3,570	2,838	1	9.6	1
Idaho	2,344	1,716	33	6.9	18
Illinois	22,148	1,750	30	5.3	45
Indiana	11,216	1,810	27	6.5	25
Iowa	5,059	1,719	31	6.1	31
Kansas	5,008	1,839	26	6.4	27
Kentucky	8,319	2,022	16	8.0	7
Louisiana	7,448	1,656	36	6.6	22
Maine	2,697	2,065	15	7.4	13
Maryland	10,980	1,993	17	5.5	39
Massachusetts	15,611	2,427	7	6.2	29
Michigan	22,748	2,257	9	7.6	11
Minnesota	13,404	2,649	3	8.0	6
Mississippi	4,947	1,717	32	7.7	10
Missouri	8,627	1,513	45	5.3	44
Montana	1,487	1,620	38	6.6	21
Nebraska	3,348	1,925	19	6.6	20
Nevada	4,129	1,843	25	6.2	28
New Hampshire	1,959	1,521	44	4.5	49
New Jersey	19,936	2,308	8	5.9	36
New Mexico	3,607	1,924	20	7.8	9
New York	40,558	2,114	13	5.9	35
North Carolina	15,849	1,885	22	6.9	16
North Dakota	1,178	1,858	24	6.9	14
Ohio	20,652	1,806	28	6.2	30
Oklahoma	5,906	1,682	34	6.5	24

(over)

Hs Taxation Committee  
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Attachment 1

Oregon	5,702	1,602	39	5.6	37
Pennsylvania	23,187	1,875	23	6.0	34
Rhode Island	2,257	2,097	14	6.8	19
South Carolina	6,353	1,532	43	6.1	32
South Dakota	1,010	1,322	49	4.9	47
Tennessee	8,812	1,508	46	5.5	40
Texas	29,099	1,316	50	4.6	48
Utah	3,951	1,680	35	6.9	15
Vermont	1,559	2,518	5	8.5	2
Virginia	12,969	1,756	29	5.4	42
Washington	12,960	2,114	12	6.5	23
West Virginia	3,589	1,983	18	8.4	3
Wisconsin	12,185	2,227	11	7.5	12
Wyoming	1,217	2,429	6	7.9	8
U.S. Total	546,694	1,884		6.2	

*Source: U.S. Bureau of the Census and Bureau of Economic Analysis.*

# Kansas Department of Revenue

## Individual Income Tax Structure

January 26, 2005

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Kansas conforms to the federal definition of adjusted gross income and the federal definition of itemized deductions. Kansas also piggyback's the federal earned income credit, which is 15% of the amount claimed on the federal return, child care credit and adoption expense credit, which are equal to 25% of the amount claimed on the federal return. Kansas does not conform to federal standard deduction or personal exemption amounts or any other federal income tax credits. Kansas does not allow federal income tax liability to be deducted, so any increase or decrease in federal income tax liability will have no impact on Kansas income tax revenues.

Any changes made by the federal government which modify adjusted gross income or itemized deductions will cause either a positive or negative impact to the state. Any changes in the federal earned income credit, child care credit and the adoption expense credit will flow through to Kansas with either a positive or negative impact.

### **Federal Adjusted Gross Income**

Wages  
Interest  
Dividends  
Taxable Refunds  
Alimony  
Business Income  
Capital Gains  
Other Gains  
IRA Distributions  
Pensions and Annuities  
Rental Real Estate, Royalties, Partnerships, S Corporations, Trusts, etc.  
Farm Income  
Unemployment Compensation  
Social Security Benefits  
Other Income

Less:

Educator Expenses  
IRA Deduction  
Student Loan Interest deduction  
Tuition and Fees Deduction  
Moving Expenses  
One-Half of Self-Employment Tax  
Self-Employed Health Insurance Deduction  
Self-Employed SEP, SIMPLE, and Qualified Plans  
Penalty on early withdrawal of Savings  
Alimony Paid

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**Federal Itemized Deductions**

- Medical and Dental Expenses (to the extent they exceed 7.5% of FAGI)
- State and Local Taxes Paid
- Interest Paid
- Gifts to Charity
- Casualty and Theft Losses
- Job Expenses and Miscellaneous Deductions (to the extent they exceed 2% of FAGI)
- Other Miscellaneous Deductions

**Kansas Adjusted Gross Income**

Federal Adjusted Gross Income

Plus:

- State and Municipal Bond Interest (Kansas State and Municipal bonds issued after December 31, 1987 are exempt)
- Contributions to KPERs
- Federal Net Operation Loss Carry Forward
- Other Additions

Less:

- Interest on U.S. Obligations
- Kansas Net Operating Loss Carry Forward
- Exempt Retirement Benefits
- Military Compensation of a Nonresident Servicemember
- Learning Quest Education Saving Program
- Other Subtractions

**Kansas Deductions**

Itemized Deductions – Federal Itemized Deductions less State Income Taxes

Or

Standard Deductions

Married Filing Joint	\$6,000
Single/Married Filing Separate	\$3,000
Head of Household	\$4,500

Exemption Allowance	\$2,250
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**Kansas Tax Rates and Brackets**

Tax Year 1998 to Present

Taxable income Brackets

Single				Married			
\$ -	-	\$ 15,000	3.50%	\$ -	-	\$ 30,000	3.50%
\$ 15,000	-	\$ 30,000	6.25%	\$ 30,000	-	\$ 60,000	6.25%
\$ 30,000	-	Over	6.45%	\$ 60,000	-	Over	6.45%

## **Kansas Credits**

### **Non-Refundable:**

- Credit for Taxes Paid to Other States
- Child and Dependent Care Credit
- Adoption Credit
- Agricultural Loan Interest Reduction Credit
- Alternative Fuel Credit
- Assistive Technology Contribution Credit
- Business and Job Development Credit
- High Performance Incentive Program Credit
- Historic Preservation Credit
- Plugging an Abandoned Gas or Oil Well Credit
- Research and Development Credit
- Swine Facility Improvement Credit
- Temporary Assistance to Families Contribution Credit
- Venture and Local Seed Capital Credit

### **Refundable:**

- Earned Income Credit
- Food Sales Tax Refund
- Business Machinery and Equipment Credit
- Child Day Care Assistance Credit
- Community Service Contribution Credit
- Disabled Access Credit
- Habitat Management Credit
- Single City Port Authority Credit
- Small Employer Health Insurance Contribution Credit
- Telecommunications Property/Income Tax Credit

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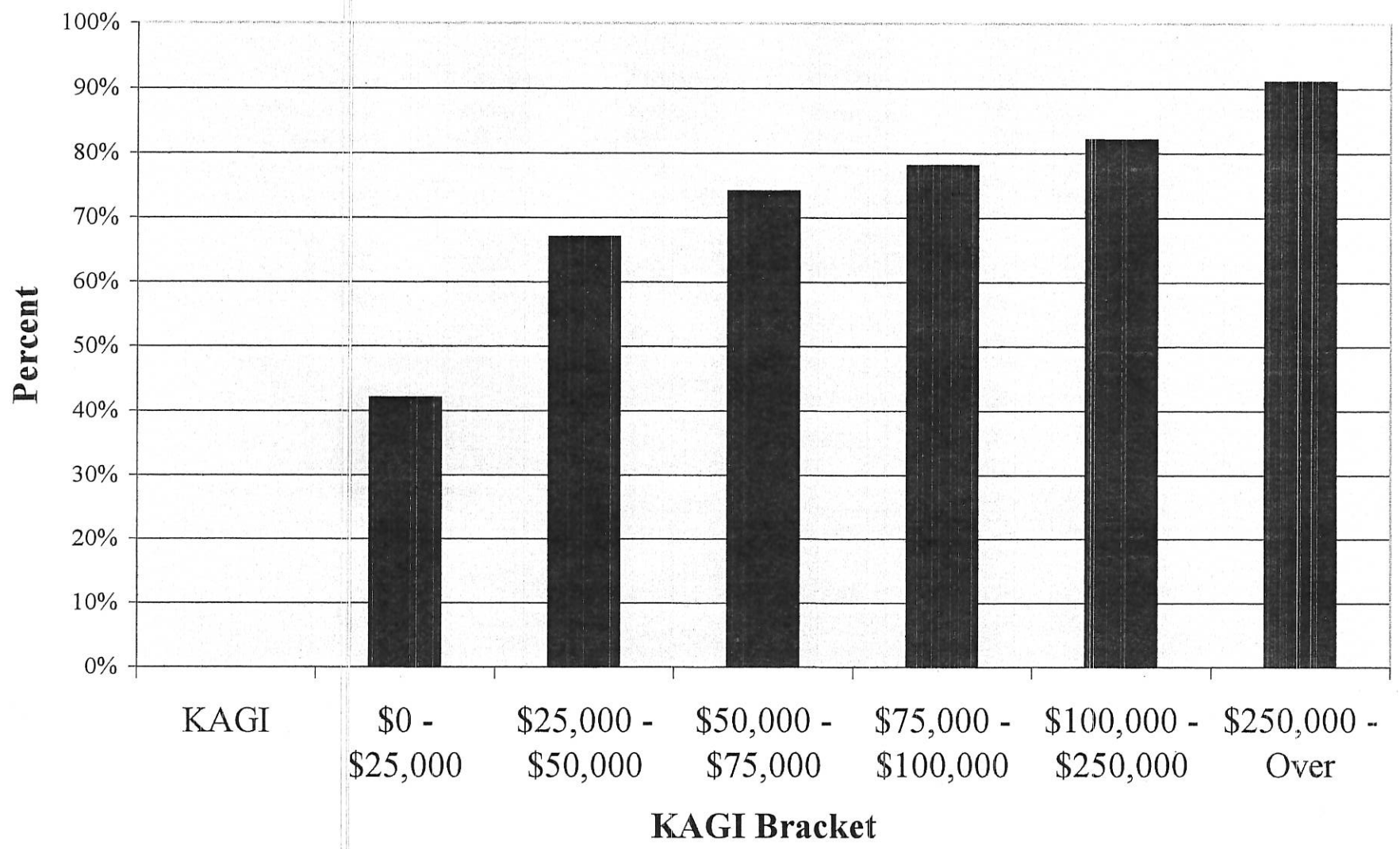
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**Kansas Individual Income Tax by Adjusted Gross Income Bracket  
Residents Taxpayers, Processed in CY 2003**

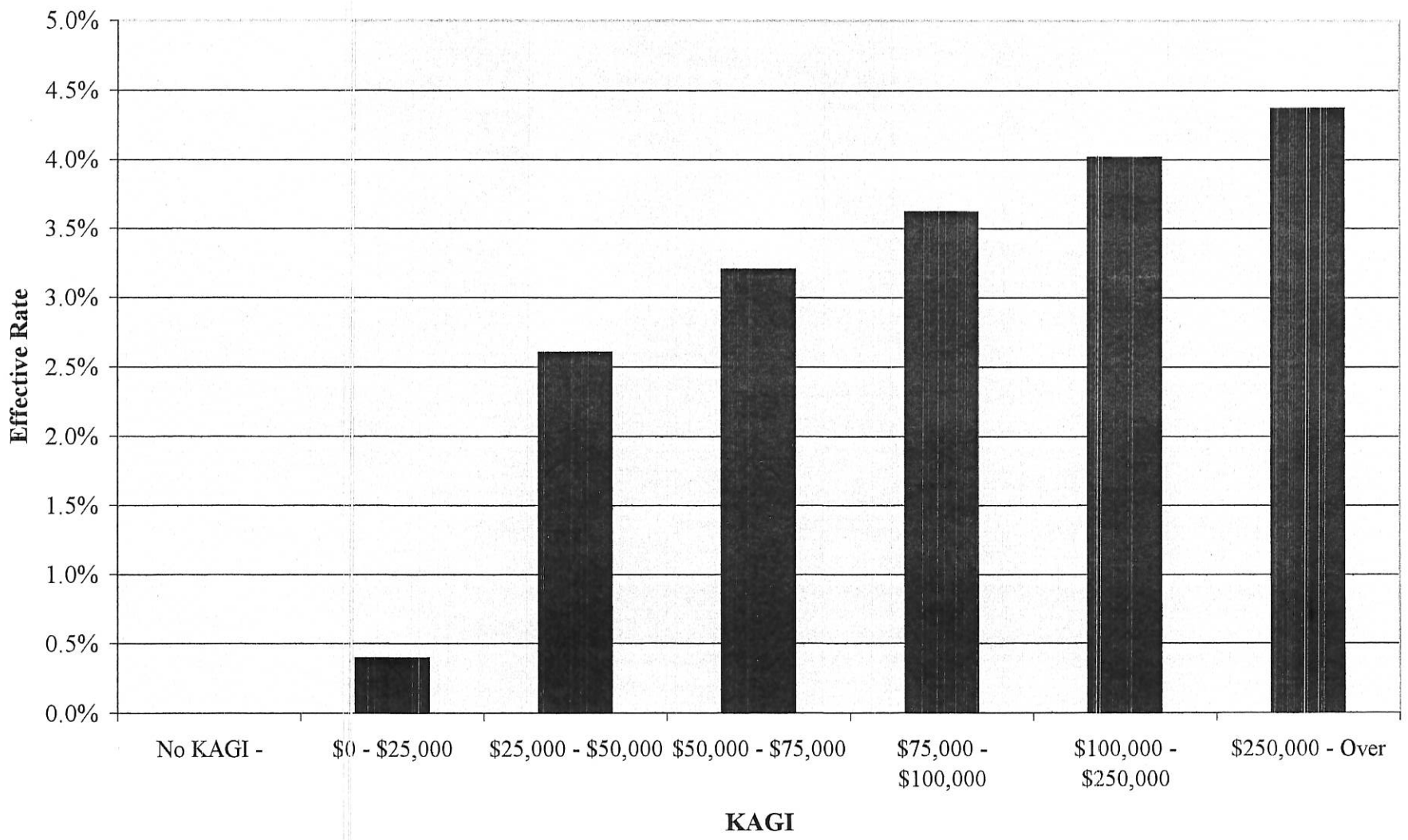
<b>KAGI</b>	<b>Number of Returns</b>	<b>Kansas Adjusted Gross Income</b>	<b>Tax Liability After All Credits</b>	<b>Effective Tax Rate</b>
No KAGI -	51,016	\$ (696,700,000)	\$ (6,100,868)	N/A
\$0 - \$25,000	552,487	\$ 6,230,300,000	\$ 24,238,650	0.39%
\$25,000 - \$50,000	291,824	\$ 10,560,000,000	\$ 274,439,240	2.60%
\$50,000 - \$75,000	166,577	\$ 10,210,000,000	\$ 326,943,535	3.20%
\$75,000 - \$100,000	81,009	\$ 6,943,900,000	\$ 250,966,871	3.61%
\$100,000 - \$250,000	68,098	\$ 9,370,100,000	\$ 375,925,594	4.01%
\$250,000 - Over	10,888	\$ 6,412,900,000	\$ 280,010,132	4.37%
All	1,221,899	49,030,500,000	1,526,423,154	3.11%
Non-Residents	204,922	\$ 23,414,168,794	\$ 191,244,892	0.82%
All Taxpayers	1,426,821	\$ 72,444,668,794	\$ 1,717,668,046	2.37%

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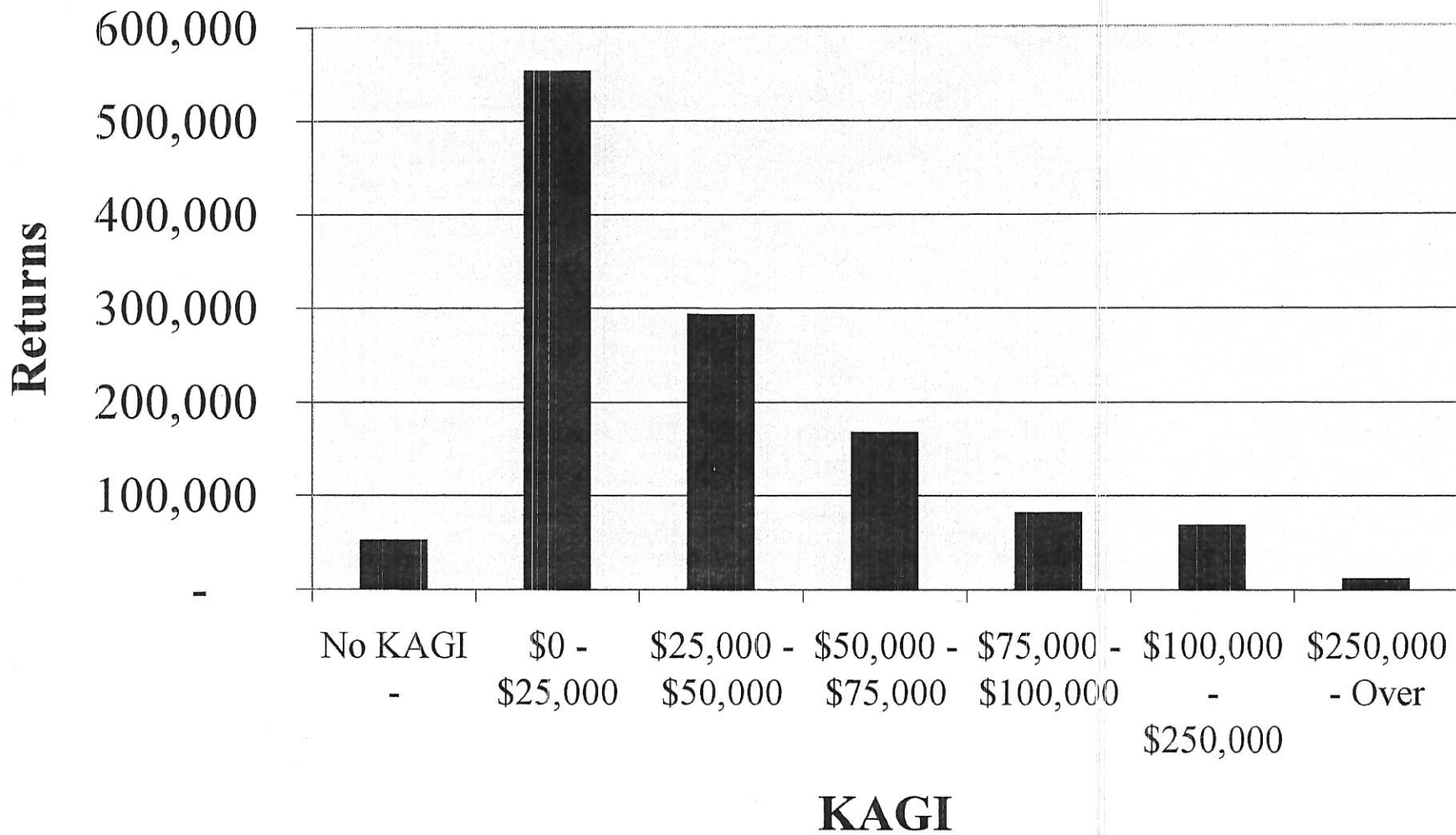
### Kansas Department of Revenue - Taxable Income as a Percent of KAGI



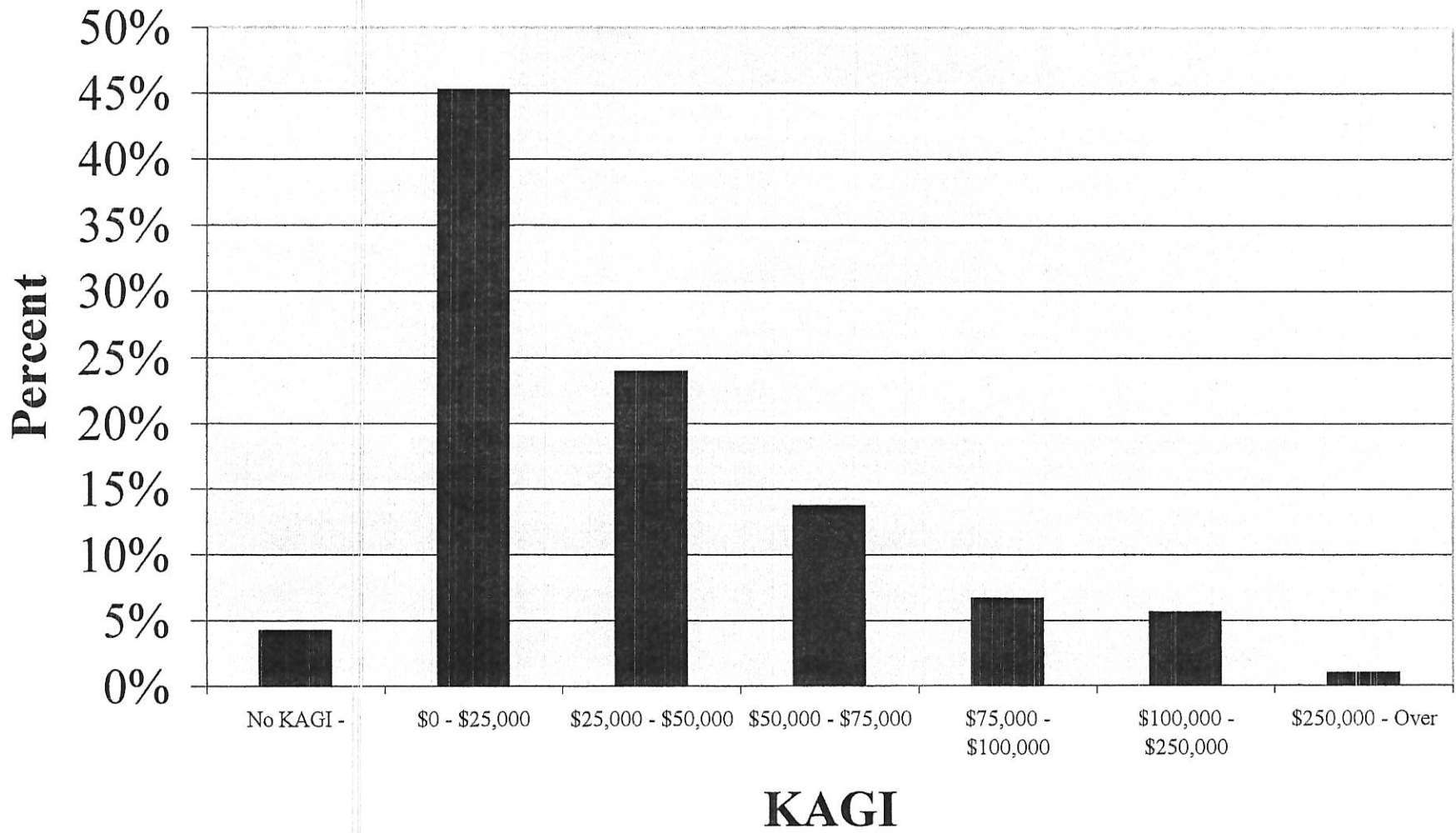
### Effective Tax Rate by KAGI Bracket



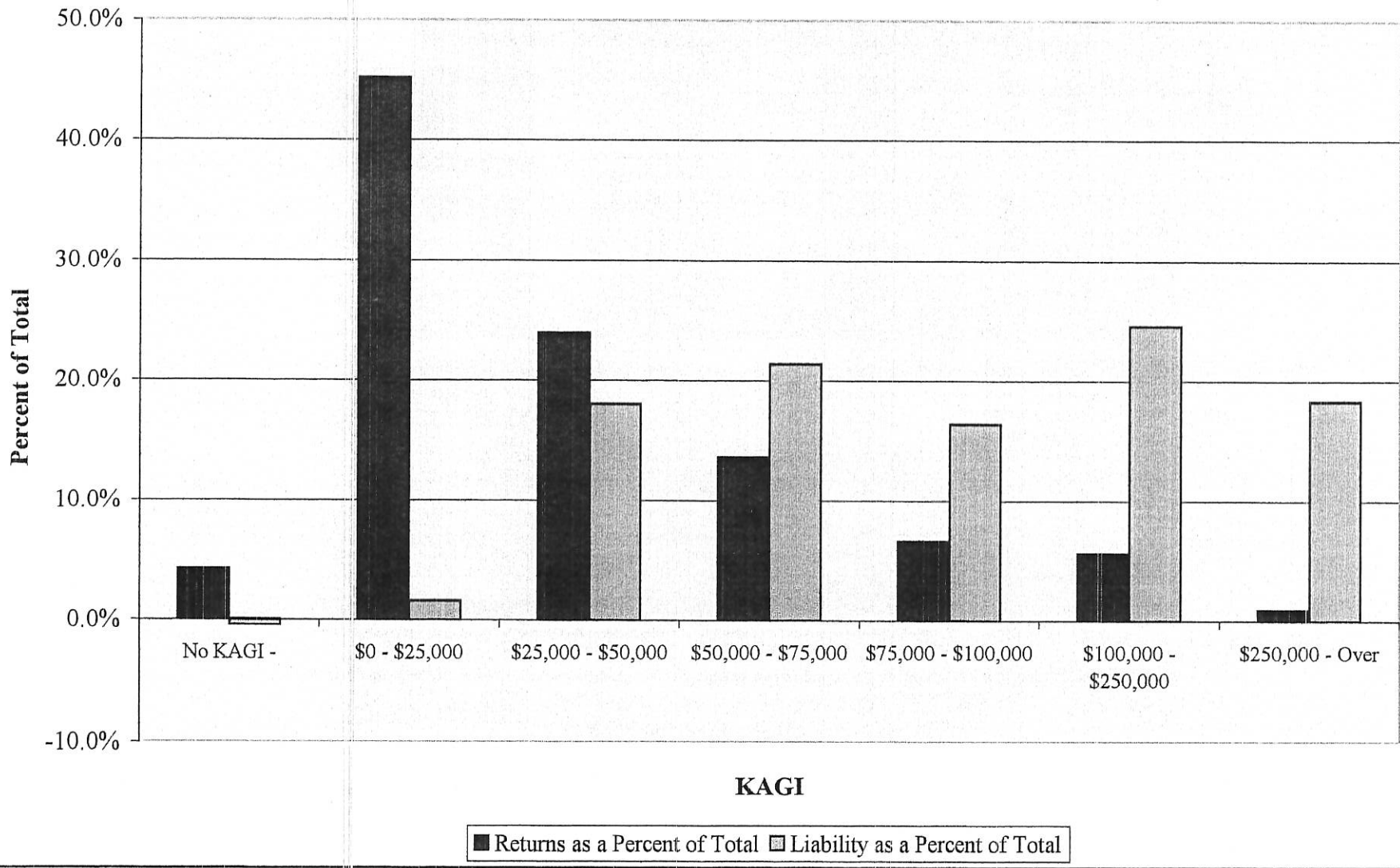
### Resident Returns by KAGI Bracket



### Resident Returns as a Percent of Total



### Returns and Liability as a Percent of Total



## Individual Income Tax for Tax Year 2002 by County

Resident Taxpayers Only

County	Number Returns	Kansas Adjusted Gross Income	Tax Year Liability	Percent of Total Liability	Per Return Average	
					Tax Liability	Rank
Allen	6,560	\$172,310,000	\$4,484,074	0.3%	\$684	79
Anderson	3,739	\$99,123,684	\$2,515,184	0.2%	\$673	85
Atchison	7,076	\$206,290,000	\$5,385,135	0.4%	\$761	58
Barber	2,318	\$58,392,892	\$1,642,090	0.1%	\$708	73
Barton	12,335	\$359,820,000	\$10,263,755	0.7%	\$832	45
Bourbon	6,424	\$171,170,000	\$4,374,373	0.3%	\$681	82
Brown	4,690	\$117,810,000	\$2,864,371	0.2%	\$611	93
Butler	24,667	\$993,970,000	\$33,725,615	2.4%	\$1,367	4
Chase	1,171	\$30,330,443	\$855,012	0.1%	\$730	63
Chautauqua	1,555	\$40,410,056	\$1,051,299	0.1%	\$676	84
Cherokee	8,582	\$222,890,000	\$3,894,112	0.3%	\$454	105
Cheyenne	1,309	\$27,789,622	\$710,904	0.1%	\$543	100
Clark	1,009	\$27,177,812	\$789,574	0.1%	\$783	53
Clay	3,896	\$105,070,000	\$2,850,783	0.2%	\$732	62
Cloud	4,479	\$115,190,000	\$3,098,200	0.2%	\$692	76
Coffey	3,814	\$131,740,000	\$4,138,828	0.3%	\$1,085	10
Comanche	929	\$25,070,001	\$721,197	0.1%	\$776	56
Cowley	15,097	\$466,490,000	\$13,621,535	1.0%	\$902	32
Crawford	16,186	\$468,900,000	\$12,709,066	0.9%	\$785	52
Decatur	1,537	\$33,716,903	\$978,865	0.1%	\$637	90
Dickinson	8,734	\$252,320,000	\$7,312,566	0.5%	\$837	43
Doniphan	3,229	\$91,061,264	\$1,536,724	0.1%	\$476	104
Douglas	39,892	\$1,577,000,000	\$52,087,450	3.7%	\$1,306	5
Edwards	1,444	\$35,966,273	\$984,092	0.1%	\$682	80
Elk	1,363	\$29,048,087	\$670,908	0.0%	\$492	103
Ellis	12,406	\$403,730,000	\$12,909,170	0.9%	\$1,041	16
Ellsworth	2,753	\$80,362,611	\$2,365,641	0.2%	\$859	40
Finney	14,762	\$471,330,000	\$12,912,674	0.9%	\$875	37
Ford	12,091	\$412,700,000	\$12,326,775	0.9%	\$1,020	19
Franklin	11,037	\$360,180,000	\$10,372,207	0.7%	\$940	30
Geary	8,733	\$235,010,000	\$6,207,566	0.4%	\$711	70
Gove	1,476	\$32,773,129	\$1,070,082	0.1%	\$725	64
Graham	1,245	\$29,057,657	\$795,544	0.1%	\$639	89
Grant	3,015	\$106,910,000	\$3,364,649	0.2%	\$1,116	9
Gray	2,674	\$84,154,294	\$2,536,783	0.2%	\$949	28
Greeley	631	\$17,876,547	\$580,962	0.0%	\$921	31
Greenwood	3,209	\$77,586,463	\$2,186,231	0.2%	\$681	81
Hamilton	1,032	\$27,456,266	\$973,668	0.1%	\$943	29
Harper	2,843	\$76,196,973	\$2,016,176	0.1%	\$709	71
Harvey	14,736	\$507,660,000	\$15,528,091	1.1%	\$1,054	15
Haskell	1,644	\$52,461,551	\$1,662,148	0.1%	\$1,011	22
Hodgeman	883	\$22,426,938	\$611,065	0.0%	\$692	75
Jackson	5,964	\$179,200,000	\$5,194,391	0.4%	\$871	39
Jefferson	8,122	\$286,610,000	\$8,655,080	0.6%	\$1,066	12
Jewell	1,636	\$36,117,546	\$865,320	0.1%	\$529	102
Johnson	208,005	\$13,060,000,000	\$408,661,277	29.2%	\$1,965	1
Kearny	1,590	\$51,361,092	\$1,563,925	0.1%	\$984	25
Kingman	3,596	\$109,430,000	\$3,230,622	0.2%	\$898	33
Kiowa	1,440	\$38,745,414	\$1,060,937	0.1%	\$737	61
Labette	9,925	\$252,240,000	\$6,622,219	0.5%	\$667	86
Lane	962	\$27,021,784	\$761,164	0.1%	\$791	50
Leavenworth	24,022	\$889,930,000	\$25,541,471	1.8%	\$1,063	14
Lincoln	1,539	\$36,780,951	\$906,873	0.1%	\$589	96
Linn	3,884	\$113,270,000	\$2,940,396	0.2%	\$757	59
Logan	1,403	\$33,332,648	\$998,957	0.1%	\$712	69
Lyon	15,139	\$463,260,000	\$13,465,996	1.0%	\$889	35
Marion	5,654	\$159,750,000	\$4,463,138	0.3%	\$789	51
Marshall	5,194	\$144,500,000	\$4,177,394	0.3%	\$804	49
McPherson	12,890	\$538,890,000	\$18,377,022	1.3%	\$1,426	3
Meade	1,785	\$47,707,599	\$1,395,908	0.1%	\$782	54
Miami	11,527	\$464,000,000 <sup>24</sup>	\$14,276,160	1.0%	\$1,238	7

## Individual Income Tax for Tax Year 2002 by County

Resident Taxpayers Only

County	Number Returns	Kansas Adjusted Gross Income	Tax Year Liability	Percent of Total Liability	Per Return	
					Average Tax Liability	Rank
Mitchell	3,301	\$91,617,152	\$2,674,412	0.2%	\$810	46
Montgomery	15,367	\$423,540,000	\$10,891,542	0.8%	\$709	72
Morris	2,483	\$70,602,886	\$2,092,941	0.1%	\$843	41
Morton	1,377	\$43,862,997	\$1,419,005	0.1%	\$1,031	17
Nemaha	4,733	\$138,210,000	\$3,952,110	0.3%	\$835	44
Neosho	7,558	\$202,760,000	\$5,434,667	0.4%	\$719	67
Ness	1,625	\$41,872,448	\$1,163,314	0.1%	\$716	68
Norton	2,458	\$63,609,422	\$1,770,342	0.1%	\$720	65
Osage	7,195	\$224,240,000	\$6,441,109	0.5%	\$895	34
Osborne	1,896	\$45,484,868	\$1,146,394	0.1%	\$605	94
Ottawa	2,752	\$84,648,619	\$2,424,498	0.2%	\$881	36
Pawnee	3,014	\$78,260,044	\$2,253,316	0.2%	\$748	60
Phillips	2,688	\$65,080,065	\$1,847,963	0.1%	\$687	78
Pottawatomie	7,647	\$254,990,000	\$7,794,610	0.6%	\$1,019	20
Pratt	4,266	\$132,150,000	\$4,075,977	0.3%	\$955	26
Rawlins	1,311	\$33,450,973	\$1,023,305	0.1%	\$781	55
Reno	28,051	\$910,500,000	\$27,918,347	2.0%	\$995	23
Republic	2,519	\$60,057,159	\$1,514,986	0.1%	\$601	95
Rice	4,351	\$121,010,000	\$3,323,263	0.2%	\$764	57
Riley	19,128	\$666,190,000	\$22,191,836	1.6%	\$1,160	8
Rooks	2,498	\$61,526,335	\$1,627,191	0.1%	\$651	88
Rush	1,677	\$40,931,794	\$1,092,746	0.1%	\$652	87
Russell	3,440	\$86,445,914	\$2,335,482	0.2%	\$679	83
Saline	24,978	\$857,270,000	\$26,565,495	1.9%	\$1,064	13
Scott	2,223	\$65,407,151	\$2,205,870	0.2%	\$992	24
Sedgwick	197,607	\$8,260,700,000	\$286,976,431	20.5%	\$1,452	2
Seward	8,614	\$266,540,000	\$6,935,265	0.5%	\$805	48
Shawnee	79,682	\$2,950,900,000	\$98,882,957	7.1%	\$1,241	6
Sheridan	1,218	\$30,963,743	\$1,063,162	0.1%	\$873	38
Sherman	3,050	\$75,943,843	\$2,194,129	0.2%	\$719	66
Smith	2,110	\$47,001,323	\$1,194,821	0.1%	\$566	99
Stafford	2,042	\$49,673,630	\$1,287,184	0.1%	\$630	91
Stanton	928	\$28,475,443	\$885,383	0.1%	\$954	27
Stevens	2,071	\$68,453,200	\$2,227,451	0.2%	\$1,076	11
Sumner	9,743	\$326,560,000	\$9,968,598	0.7%	\$1,023	18
Thomas	3,607	\$101,760,000	\$3,038,001	0.2%	\$842	42
Trego	1,510	\$35,209,647	\$936,606	0.1%	\$620	92
Wabaunsee	2,876	\$93,946,376	\$2,921,439	0.2%	\$1,016	21
Wallace	794	\$16,169,719	\$460,724	0.0%	\$580	97
Washington	3,031	\$70,832,836	\$1,757,005	0.1%	\$580	98
Wichita	1,213	\$33,939,989	\$979,521	0.1%	\$808	47
Wilson	4,473	\$121,870,000	\$3,087,148	0.2%	\$690	77
Woodson	1,622	\$33,343,340	\$858,990	0.1%	\$530	101
Wyandotte	63,643	\$1,977,400,000	\$44,658,155	3.2%	\$702	74
KS Residents with county indicator	1,149,852	\$45,242,477,416	\$1,400,337,075		\$1,218	
KS Residents with no county indicator	<u>72,047</u>	<u>\$3,788,022,584</u>	<u>\$126,086,079</u>		<u>\$1,750</u>	
Total Residents	1,221,899	\$49,030,500,000	\$1,526,423,154	88.9%	\$1,249	
Non-Residents	<u>204,922</u>	<u>\$23,414,168,794</u>	<u>\$191,244,892</u>	<u>11.1%</u>	<u>\$933</u>	
All Taxpayers	1,426,821	\$72,444,668,794	\$1,717,668,046	100.0%	\$1,204	



Kansas Department of Revenue

Fiscal Impact of The Economic Growth and Tax Relief Reconciliation Act of 2001

01/18/2005

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Assumptions: Federal average tax rate of 28%  
 Kansas is equal to 1% of the Federal amount  
 Kansas marginal rate of 6.25%  
 Source: Joint Committee on Taxation - 5/26/01

	Effective Date	Fiscal Years				
		<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>Marginal Rate Reduction Provisions:</b>						
Repeal of Itemized Deduction Phase-out	TY 2006	\$ -	\$ -	\$ -	\$ -	\$ (1,518,527)
<b>Marriage Penalty Relief Provisions:</b>						
EIC is broadened by increasing the income level and changing the definition to FAGI	TY 2002	\$ (5,360)	\$ (847,000)	\$ (1,277,000)	\$ (1,243,000)	\$ (1,817,000)
<b>Education Provisions:</b>						
Education IRA's contribution level is increased to \$2,000	TY 2002	\$ (303,594)	\$ (814,732)	\$ (1,029,018)	\$ (1,252,232)	\$ (1,488,839)
Qualified Tuition Plans are allowed tax free distributions and allows tax free distributions for living expenses	TY 2002	\$ (35,893)	\$ (118,304)	\$ (180,804)	\$ (247,768)	\$ (314,732)
Employer Provided Assistance - permanently extends the exclusion	TY 2002	\$ (776,183)	\$ (1,607,143)	\$ (1,696,429)	\$ (1,794,643)	\$ (1,901,786)
Student Loan Interest	TY 2002	\$ (254,241)	\$ (546,875)	\$ (584,821)	\$ (618,304)	\$ (645,089)
Qualified Higher Education expense deduction	TY 2002	\$ (2,295,647)	\$ (4,604,911)	\$ (5,988,839)	\$ (6,497,768)	\$ (1,629,464)
<b>Pension and IRA Provisions:</b>						
Pension and IRA provisions	TY 2002	\$ (2,829,554)	\$ (9,125,000)	\$ (10,111,607)	\$ (11,796,875)	\$ (12,982,143)
<b>Miscellaneous Provisions:</b>						
Adoption Credit	TY 2002	\$ (85,425)	\$ (477,500)	\$ (630,000)	\$ (732,500)	\$ (812,500)
Dependent Care Tax Credit	TY 2003	\$ -	\$ (562,800)	\$ (1,080,000)	\$ (1,032,500)	\$ (982,500)
<b>Individual Income Tax Impact</b>		<b>\$ (6,585,897)</b>	<b>\$ (18,704,264)</b>	<b>\$ (22,578,518)</b>	<b>\$ (25,215,589)</b>	<b>\$ (24,092,581)</b>

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	Fiscal Years					
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	2002 - 2011 01/18/2005
<b>Original Rate Reduction Provisions:</b>						
Repeal of Itemized Deduction Phase-out	\$ (4,597,417)	\$ (7,172,042)	\$ (9,700,083)	\$ (12,837,292)	\$ (7,983,667)	\$ (1,518,527)
<b>Marriage Penalty Relief Provisions:</b>						
EIC is broadened by increasing the income level and changing the definition to FAGI	\$ (1,819,000)	\$ (1,787,000)	\$ (2,258,000)	\$ (2,240,000)	\$ (2,348,000)	\$ (5,189,360)
<b>Education Provisions:</b>						
Education IRA's contribution level is increased to \$2,000	\$ (1,736,607)	\$ (1,991,071)	\$ (2,261,161)	\$ (2,535,714)	\$ (658,482)	\$ (4,888,415)
Qualified Tuition Plans are allowed tax free distributions and allows tax free distributions for living expenses	\$ (379,464)	\$ (446,429)	\$ (522,321)	\$ (571,429)	\$ (142,857)	\$ (897,500)
Employer Provided Assistance - permanently extends the exclusion	\$ (2,017,857)	\$ (2,138,393)	\$ (2,258,929)	\$ (2,383,929)	\$ (595,982)	\$ (7,776,183)
Student Loan Interest	\$ (680,804)	\$ (716,518)	\$ (754,464)	\$ (794,643)	\$ (198,661)	\$ (2,649,330)
Qualified Higher Education expense deduction	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<b>Pension and IRA Provisions:</b>						
Pension and IRA provisions	\$ (11,962,054)	\$ (11,622,768)	\$ (13,379,464)	\$ (14,877,232)	\$ (10,709,821)	\$ (46,845,179)
<b>Miscellaneous Provisions:</b>						
Adoption Credit	\$ (872,500)	\$ (937,500)	\$ (1,007,500)	\$ (1,080,000)	\$ (1,160,000)	\$ (2,737,925)
Dependent Care Tax Credit	\$ (950,000)	\$ (880,000)	\$ (792,500)	\$ (740,000)	\$ (182,500)	\$ (3,657,800)
<b>Individual Income Tax Impact</b>	<b>\$ (25,015,702)</b>	<b>\$ (27,691,720)</b>	<b>\$ (32,934,423)</b>	<b>\$ (38,060,238)</b>	<b>\$ (23,979,970)</b>	<b>\$ (244,858,902)</b>

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