

**HOUSE TAXATION COMMITTEE**

**Cover Page**

**(Please complete and include this page with your written testimony)**

*Bill Number:*    SB 169

*Support* \_\_\_\_\_    *Oppose* X \_\_\_\_\_    *Neutral* \_\_\_\_\_

*Testimony Will Be:*    *Oral In-person* \_\_\_\_\_    *Oral WebEx* \_\_\_\_\_    *Written Only* X \_\_\_\_\_

*For Meeting On*    March 13, 2023

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*Testimony By:*    John Lee

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*On Behalf of:*    Tax Simple Center

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*Email Address:*    johnlee@taxsimplecenter.net

*Telephone Number:*    913-710-0957

**Testimony to Oppose SB 169  
House Taxation Committee  
Topeka, KS 66612**

**SB 169 - Providing an income tax rate of 4.75% for individuals**

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Chairman Smith and Committee Members:

We are tax researcher and economics professor with 15 publications (A). **We oppose SB 169 because of following 5 reasons:** (A): <https://taxsimplecenter.net/publication.html>

(1) SB 169 can reduce tax revenue by \$568.5 million in FY 2025 and \$574.2 million in FY 2026 (B). Where can you find the extra about \$570 million or how much do you plan to cut Kansas budget? We resolve one problem and should not create another problem.

(B) [www.kslegislature.org/li/b2023\\_24/measures/documents/fisc\\_note\\_sb169\\_00\\_0000.pdf](http://www.kslegislature.org/li/b2023_24/measures/documents/fisc_note_sb169_00_0000.pdf)

(2) For high income individuals such as \$1 million (taxable income), income tax can be reduced by \$9,290.69 less than existing tax system.

(3) For low incomes, there is tax rate jump from 0% to 4.75%. If \$5,225 or 10,450 is deducted for all individuals, it is much easy to add into standard deductions simply and to calculate taxes with smooth tax rate changes without the tax rate jump from 0% to 4.75%.

(4) This bill still has 2 brackets, 2 statuses, and 2 tax rates. The 1st bracket is for not over \$5,225/10,450 at tax rate 0% and 2-nd bracket is for over \$5,225/10,450 at 4.75%

(5) Our existing personal tax system is very complex with 3 major problems (48 withholding formulas, 22-page Withholding Tables, multiple taxable income ranges, and 8-page Tax Table), which can not be resolved by this bill. We do need a fair, simple, and long-term solution.

**A flat tax rate is too simple, rough, and unreasonable for different incomes.** Kansas has had 8 bills for our social security tax cliff problem since 2019. **Finally, the cliff problem can be resolved with one simple linear formula because linear formula for tax rate changes is the most fair, simple, and long-term solution with neutral or less tax revenue change.**

**We suggest one slight modification with one simple linear formula** for not over \$50,000 with neutral tax revenue change and one existing formula for over \$50,000. Then the above 5 and cliff problems can be resolved. Here is a comparison table for existing tax system, SB 169, and the linear formula. **Two brackets/formulas can provide a long-term solution.**

**Three method comparisons**

Tax Calculation Systems	Tax Brackets	Withholding Formulas	Withholding Tables	Tax Table	Tax Revenue Change	Savings or Values	For Tax Reform
Existing 3.1-5.7%	3 (to 8)	48	22 pages	8 pages	No change	No change	Complex
SB 169:0%/4.75%	2	32	0	Option	(\$xxx million)	\$x million	Simple
3%-4.785%-5.7%	2	2	0	Option	Neutral	\$xx million	Simple

C: [www.scitcentral.com/documents/be5648da4795008d9893b752b9226c8f.pdf](http://www.scitcentral.com/documents/be5648da4795008d9893b752b9226c8f.pdf)

Let us work together for Kansas. Thank you very much.

John Lee  
Tax Researcher and Process Engineer  
[johnlee@taxsimplecenter.net](mailto:johnlee@taxsimplecenter.net)  
Phone: 913-710-0957  
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