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Kansas Action for Children
Verbal Testimony in Opposition to SB 169
Senate Committee on Assessment and Taxation

Chairperson Tyson and members of the Committee:

Thank you for the opportunity to provide testimony in opposition to SB 169. Kansas Action for Children is a nonprofit advocacy organization working to make Kansas a place where every child has the opportunity to grow up healthy and thrive. We work across the political spectrum to improve the lives of Kansas children through bipartisan advocacy, partnership, and information-sharing on key issues, including early learning and education, health, and economic security for families.

The state has seen increased revenue in recent years, with the state budget including millions of dollars in surplus revenue. The temporary, higher receipts have led to several tax cut proposals, including SB 169. This flat tax proposal would further tilt the tax structure in favor of the highest-income Kansans. Even with the current graduated income tax structure, the total effective tax rate for the highest-income Kansans is substantially lower than for other income groups.

- While the lowest 20 percent Kansas income range residents have an effective total tax rate (combining income, property, and sales taxes) of 10.7 percent, the top one percent has an effective tax rate of just 7.4 percent.
- A graduated income tax structure works to offset the regressive nature of sales and property taxes. For example, the lowest 20 percent of Kansans by income spend 7 percent of their household earnings on sales taxes compared to just 1 percent for the top 1 percent income range.
- Similarly, the lowest income Kansans have more than twice the effective property tax rate (4.1 percent) than the top one percent (1.8 percent).

This proposal would make the effective tax rate for higher-income Kansans even lower. While this proposal has an exemption for the first \$5,225 (single filers) and \$10,450 (married filing jointly filers), it is still the highest-income Kansans who would benefit the most as their effective tax rate would be further reduced. In addition, the amount of the tax cut received by the highest-income tax filers would be substantially more than the tax cut received by the lowest-



income filers and this bill would actually increase the tax liability for many low-income tax filers.

This proposal would drain revenue, while child care, health care, and special education continue to remain underfunded. As Kansas knows all too well, big income tax changes can be difficult to reverse. The proposal's significant revenue-reducing cost creates an environment where other tax increases (property, sales, and excise) might need to be implemented to make up for the declining income tax contributions, which could very well cost low- and middle-income Kansans far more than the tax cuts they would receive from this flat tax proposal.

Kansas Action for Children opposes a flat tax system. Lawmakers must champion tax reform that strengthens Kansas' ability to invest in the future, especially with the looming possibility of a recession. A flat tax will limit the state's ability to provide crucial programs and services. It equates to yet another large tax break for Kansans with the most financial resources, and the giant price tag jeopardizes investments in schools, roads, and public health and safety that build a strong Kansas economy.

Thank you for the opportunity to share information with you today. Feel free to reach me if you have any questions at emily@kac.org.