

STATE OF KANSAS

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TOPEKA

HOUSE OF
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Thank you Chairman Carlson and honorable members of the Taxation Committee for allowing me to testify in favor of this legislation.

I truly appreciate the opportunity to discuss improvements to our current income tax system. I have been working with a number of colleagues and others in State House in developing this legislation. In the simplest words this is a short amendment on the Governor's tax plan.

The most substantial change in the amendment is the bottom rate drops from 3.0% to 0%.

There will only be one rate for those filing above \$30,000 KAGI at 4.9%

This amendment reduces the Head of Household from \$9,000 to \$4,500.

Finally, this amendment prevents the transfer of .04 from the sales tax from General Fund to KDOT.

Potential New Plan

	<u>Income</u>	<u>Sales/Use</u>	<u>Severance</u>	<u>Total</u>
FY 2013	-\$338.4	\$320.0	\$16.1	-\$2.3
FY 2014	-\$1,156.6	\$571.0	\$18.8	-\$566.8
FY 2015	-\$1,209.4	\$607.1	\$32.8	-\$569.5
3-yr total	-\$2,704.4	\$1,498.1	\$67.7	-\$1,138.6

Exhibit: Governor's Plan

	<u>Income</u>	<u>Sales/Use</u>	<u>Severance</u>	<u>Total</u>
FY 2013	-\$106.0	\$0.0	\$16.1	-\$89.9
FY 2014	-\$368.8	\$251.0	\$18.8	-\$99.0
FY 2015	-\$380.7	\$287.1	\$32.8	-\$60.8
3-yr total	-\$855.5	\$538.1	\$67.7	-\$249.7

House Plan

SGF RECEIPTS (\$ IN MILLIONS)

	<u>Total</u>	<u>Income</u>	<u>Sales/Use</u>	<u>Severance</u>
FY 2013	\$ -40.7	\$ -40.7	\$ 0.0	\$ 0.0
FY 2014	-12.0	-171.6	159.6	0.0
FY 2015	-63.6	-256.6	191.5	1.5
FY 2016	-343.8	-296.6	-50.2	3.0
FY 2017	-392.4	-348.2	-50.2	6.0
5-yr total	<u>\$ -852.5</u>	<u>\$ -1113.7</u>	<u>\$ 250.7</u>	<u>\$ 10.5</u>

Top Rate of 4.9%
Bottom rate of 0%

Kansas Department of Revenue
Individual Income Tax
Tax Year 2009

Allowing the Credit for Taxes Paid to Other States, No Itemized Deductions
All Taxpayers

KAGI	Returns	Current Liability	Proposed Liability	Dollar Change	Percent Change	Average
\$0 - \$25,000	564,328	\$ (1,728,433)	\$ 1,349,596	\$ 3,078,029	178.1%	\$ 5.45
\$25,000 - \$50,000	354,148	\$ 323,202,872	\$ 83,545,696	\$ (239,657,176)	-74.2%	\$ (676.71)
\$50,000 - \$75,000	185,692	\$ 376,734,927	\$ 181,150,245	\$ (195,584,682)	-51.9%	\$ (1,053.27)
\$75,000 - \$100,000	120,111	\$ 383,163,634	\$ 230,961,522	\$ (152,202,112)	-39.7%	\$ (1,267.18)
\$100,000 - \$250,000	137,853	\$ 783,070,026	\$ 541,541,511	\$ (241,528,515)	-30.8%	\$ (1,752.07)
\$250,000 - Over	21,158	\$ 598,685,501	\$ 469,634,903	\$ (129,050,598)	-21.6%	\$ (6,099.38)
	1,383,290	\$ 2,463,128,527	\$ 1,508,183,473	\$ (954,945,054)	-38.8%	\$ (690.34)

House leadership plan
WITH CARLSON FLOOR Amendment

House Leadership
with Carlson Amend.

Top Rate of 6.28%
Bottom rate of 3.37%

Kansas Department of Revenue
Individual Income Tax
Tax Year 2013
Exempt First \$100,000 of Business Income,
All Taxpayers

KAGI	Returns	Current Liability	Proposed Liability	Dollar Change	Percent Change	Average
\$0 - \$25,000	564,328	\$ (1,728,433)	\$ (5,450,905)	\$ (3,722,472)	-215.4%	\$ (6.60)
\$25,000 - \$50,000	354,148	\$ 323,202,872	\$ 310,277,821	\$ (12,925,051)	-4.0%	\$ (36.50)
\$50,000 - \$75,000	185,692	\$ 376,734,927	\$ 363,217,972	\$ (13,516,955)	-3.6%	\$ (72.79)
\$75,000 - \$100,000	120,111	\$ 383,163,634	\$ 369,788,201	\$ (13,375,433)	-3.5%	\$ (111.36)
\$100,000 - \$250,000	137,853	\$ 783,070,026	\$ 756,816,401	\$ (26,253,625)	-3.4%	\$ (190.45)
\$250,000 - Over	21,158	\$ 598,685,501	\$ 577,629,315	\$ (21,056,186)	-3.5%	\$ (995.19)
	1,383,290	\$ 2,463,128,527	\$ 2,372,278,805	\$ (90,849,722)	-3.7%	\$ (65.68)

Top Rate of 4.9%
Bottom rate of 3.0%

Kansas Department of Revenue
Individual Income Tax
Tax Year 2013

Governor's Plan

Allowing the Credit for Taxes Paid to Other States, No Itemized Deductions
All Taxpayers

KAGI	Returns	Current Liability	Proposed Liability	Dollar Change	Percent Change	Average
\$0 - \$25,000	564,328	\$ (1,728,433)	\$ 86,467,933	\$ 88,196,366	5102.7%	\$ 156.29
\$25,000 - \$50,000	354,148	\$ 323,202,872	\$ 277,157,093	\$ (46,045,779)	-14.2%	\$ (130.02)
\$50,000 - \$75,000	185,692	\$ 376,734,927	\$ 324,205,437	\$ (52,529,490)	-13.9%	\$ (282.89)
\$75,000 - \$100,000	120,111	\$ 383,163,634	\$ 331,691,226	\$ (51,472,408)	-13.4%	\$ (428.54)
\$100,000 - \$250,000	137,853	\$ 783,070,026	\$ 660,443,834	\$ (122,626,192)	-15.7%	\$ (889.54)
\$250,000 - Over	21,158	\$ 598,685,501	\$ 487,837,536	\$ (110,847,965)	-18.5%	\$ (5,239.06)
	1,383,290	\$ 2,463,128,527	\$ 2,167,803,059	\$ (295,325,468)	-12.0%	\$ (213.49)

Top Rate of 6.21%
Bottom rate of 3.34%

Kansas Department of Revenue
Individual Income Tax
Tax Year 2013

H Sub SB 177

Exempt First \$100,000 of Business Income, All Refunds Nonrefundable
All Taxpayers

KAGI	Returns	Current Liability	Proposed Liability	Dollar Change	Percent Change	Average
\$0 - \$25,000	564,328	\$ (1,728,433)	\$ 38,793,030	\$ 40,521,463	2344.4%	\$ 71.80
\$25,000 - \$50,000	354,148	\$ 323,202,872	\$ 278,702,544	\$ (44,500,328)	-13.8%	\$ (125.65)
\$50,000 - \$75,000	185,692	\$ 376,734,927	\$ 351,850,712	\$ (24,884,215)	-6.6%	\$ (134.01)
\$75,000 - \$100,000	120,111	\$ 383,163,634	\$ 360,642,994	\$ (22,520,640)	-5.9%	\$ (187.50)
\$100,000 - \$250,000	137,853	\$ 783,070,026	\$ 755,073,222	\$ (27,996,804)	-3.6%	\$ (203.09)
\$250,000 - Over	21,158	\$ 598,685,501	\$ 566,244,485	\$ (32,441,016)	-5.4%	\$ (1,533.27)
	1,383,290	\$ 2,463,128,527	\$ 2,351,306,987	\$ (111,821,540)	-4.5%	\$ (80.84)