

## SB 376 by Senator Dick Kelsey

1. Reduce the sales tax on food by half over two years. Only seven states charge the full sales tax rate on food.
2. Reduce the corporate income tax from 7 percent to 4 percent over two years.
3. Allow the one cent sales tax increase to expire as is in current law.
4. Reduce the personal income tax to two categories: 3.1 percent for those in the lowest bracket and 5.8 percent for the higher income earners.
5. Capture the lost revenue from e commerce. (Internet sales)
6. Eliminate most of the sales tax exemptions except medical, lottery tickets, and others prevented by federal law. On exemptions it is everyone or no one. We should not be giving exemptions to some people while others who do the same thing must pay.
7. Tax more of the services currently exempt. We already tax many services. This plan narrows the group who are exempt.
8. This plan does not tax business to business transactions.
9. Many local units of government who have a local sales tax will see an increase in their sales tax collections. This plan calls for city and counties to use 30 percent of the increase in sales tax revenue they receive from this plan to reduce the mill levy on property tax.
10. This plan is revenue neutral.

This plan will have a positive effect on economic growth and be fairer toward all the citizens of Kansas.

Sn. Assmnt & Tax  
3-7-12

Attachment # 1

# KANSAS LEGISLATIVE RESEARCH DEPARTMENT

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January 24, 2012

**To:** Senator Dick Kelsey  
**From:** Chris W. Courtwright, Principal Economist  
**Re:** Proposed Comprehensive Tax Plan

The purpose of this memo is to briefly outline the components of a comprehensive proposal that would make major changes in the state tax structure while leaving it essentially revenue neutral for FY 2013 (and most subsequent fiscal years).

As we have been discussing, the major sales and use tax components would include a significant expansion of the state sales tax base pursuant to repealing a number of sales tax exemptions; extending the tax to a number of previously untaxed services; lowering the rate back to 5.3 percent; and eliminating the tax on groceries over a two-year period. The corporation income tax would be repealed over a four-year period; and there also would be significant relief provided pursuant to reduced individual income tax rates that would be phased in over time.

The Department of Revenue has provided the attached fiscal notes relative to the latest version of the comprehensive proposal.

# How Is It Fair?

- \* That coin-operated laundromats are exempt but coin-operated car washes are taxable?
- \* That municipal golf course admissions are exempt but privately owned golf course admissions are taxable?
- \* That the labor services associated with washing the floor are exempt but the services associated with waxing the floor are taxable?
- \* That some backhoes purchased for agricultural use qualify for an exemption but other backhoes purchased and used almost identically are taxable?
- \* That human haircuts are exempt but pet haircuts are taxable?
- \* That certain purchases of the West Sedgwick County and the Shawnee Rotary Clubs are exempt but all other Rotary Clubs' purchases are taxable?
- \* That a paperback novel purchased in a bookstore is taxable but the same novel purchased as an "e-book" is exempt?