

Fiscal Impact of Sen Kelsey's Tax Proposal
Based on 2011 SB 98

	Current law, state sales tax rates-->		6.30%		6.30%		5.70%		5.70%		5.70%		5.70%		5.70%		5.70%	
	FY 2012		FY 2013		FY 2014		FY 2015		FY 2016		FY 2017		FY 2018		FY 2019		FY 2020	
Options repealed (full year)	\$	1,231.09	\$	1,147.21	\$	1,181.47	\$	1,216.91	\$	1,253.42	\$	1,291.02	\$	1,329.75	\$	1,369.65	\$	1,369.65
Sales Tax on Services Except Health & B-to-B (full year)	\$	55.67	\$	51.88	\$	53.44	\$	55.04	\$	56.69	\$	58.39	\$	60.15	\$	61.95	\$	61.95
Taxing Digital Goods (full year)	\$	5.50	\$	5.52	\$	5.79	\$	6.08	\$	6.38	\$	6.70	\$	7.04	\$	7.39	\$	7.39
Exempt Groceries (full year)	\$	(374.51)	\$	(349.01)	\$	(359.48)	\$	(370)	\$	(381)	\$	(393)	\$	(405)	\$	(417)	\$	(417)
Net change in tax Base (full year)	\$	917.76	\$	855.60	\$	881.22	\$	907.77	\$	935.13	\$	963.31	\$	992.34	\$	1,022.26	\$	1,022.26
Current law, all funds	\$	2,855.79	\$	2,704.22	\$	2,781.23	\$	2,885.53	\$	2,993.73	\$	3,106.00	\$	3,222.47	\$	3,343.32	\$	3,343.32
New Tax Base, current rates	\$	3,773.55	\$	3,559.82	\$	3,662.45	\$	3,793.30	\$	3,928.86	\$	4,069.31	\$	4,214.82	\$	4,365.57	\$	4,365.57
New base at 5.3 %	\$	3,174.57	\$	3,293.62	\$	3,417.13	\$	3,545.27	\$	3,678.22	\$	3,816.15	\$	3,959.26	\$	4,107.73	\$	4,107.73
5/12ths of 5.3%	\$	1,322.74																
7/12th of 6.3%	\$	1,665.88																
New Law	\$	2,988.62	\$	3,131.36	\$	3,417.13	\$	3,545.27	\$	3,678.22	\$	3,816.15	\$	3,959.26	\$	4,107.73	\$	4,107.73
F Note of Sales/Use Changes																		
SGF portion	\$	204.14	\$	426.78	\$	635.9	\$	659.7	\$	684.5	\$	710.2	\$	736.8	\$	764.4	\$	764.4
Repeal Food Sales Tax Rebate Credit	\$	185.72	\$	390.65	\$	582.06	\$	603.89	\$	626.54	\$	650.03	\$	674.41	\$	695.44	\$	695.44
Repeal Corp Inc Tax over 4 years	\$	53.00	\$	53.00	\$	53.00	\$	53.00	\$	53.00	\$	53.00	\$	53.00	\$	53.00	\$	53.00
Repeal prior to reducing individual income	\$	(60.00)	\$	(125.00)	\$	(198.75)	\$	(280.00)	\$	(376.89)	\$	(429.54)	\$	(478.03)	\$	(506.11)	\$	(506.11)
Impact prior to reducing individual income	\$	178.72	\$	318.65	\$	436.31	\$	376.89	\$	429.54	\$	478.03	\$	477.41	\$	473.44	\$	473.44
Reduce Individual Income Taxes	\$	-	\$	(177.40)	\$	(216.30)	\$	(396.60)	\$	(416.40)	\$	(437.20)	\$	(459.06)	\$	(482.01)	\$	(506.11)
Net impact	\$	-	\$	1.32	\$	102.35	\$	39.71	\$	(39.51)	\$	(7.66)	\$	18.97	\$	(4.61)	\$	(32.67)
Sales tax changes effective January 1, 2013. Except for groceries - rate to 3.15 on 1/1/2013 and to 0% on 1/1/2014																		
What the bill would do																		
1. lower the corporate income tax rate by .25% a year until repealed in 4th year (CY 205 and lower surcharge of 3.05% in excess of \$50,000 to 1.525% in TY 2012, eliminate in TY 2013																		
2. lower the individual income tax rate in tax year 2012 as follows:																		
		Current		New														
Married Filing Joint																		
Income <\$30,000		3.50%		3.30%														
Income \$30,000 to \$60,000		\$1,050		6.00%														
Over \$60,000		\$ 2,925		6.25%														
All Other Individuals																		
Income <\$15,000		3.50%		3.30%														
Income \$15,000 to \$30,000		\$525		6.00%														
Income \$30,000 to \$60,000		\$ 1,462.5		6.25%														

3. Sales Tax: FY 12 @ 6.3% FY 13 @ 6.3% FY 14 @ 6.3% FY 15 @ 6.3%

a) impose sales tax on services, except for health care and B-to-B transactions	\$	54.05	\$	55.67	\$	57.34	\$	59.06
SUBTOTAL	\$	54.05	\$	55.67	\$	57.34	\$	59.06
add (w) to tax digital products- audit-visual, movies, tv, books, ringtones	\$	5.00	\$	5.50	\$	6.10	\$	6.40
SUBTOTAL	\$	5.00	\$	5.50	\$	6.10	\$	6.40
b) remove exemptions in 3603:								
(b) on private communication services and value added services	\$	1.83	\$	1.94	\$	1.94	\$	1.83
(c) on utilities - including water	\$	161.77	\$	166.62	\$	171.62	\$	176.77
(f) for laundry services	\$	0.48	\$	0.49	\$	0.51	\$	0.52
(l) for coin-operated laundry services	\$	1.18	\$	1.22	\$	1.25	\$	1.29
(m) for fees and charges by political subdivision	\$	1.18	\$	1.22	\$	1.25	\$	1.29
(n) dues charged by PT 8 & 9 exempt, memberships supporting nonprofit zoo	\$	0.43	\$	0.45	\$	0.46	\$	0.48
(o) for vehicle transfers by corporations and immediate family members	\$	0.27	\$	0.28	\$	0.29	\$	0.30
(p) for labor services on original construction and residential remodeling	\$	237.30	\$	244.42	\$	251.75	\$	259.30
(s) prewritten computer software	\$	6.74	\$	6.94	\$	7.15	\$	7.36
(v) remove bingo cards exemption	\$	3.57	\$	3.67	\$	3.78	\$	3.90
In 3606, remove exemption for:								
(b) political subdivisions and hospitals, blood banks	\$	431.87	\$	444.83	\$	458.18	\$	471.92
(c) schools and educational institutions	\$	76.32	\$	78.61	\$	80.97	\$	83.39
(d) (b) and (c) for indirect purchase (PECs)	\$	155.26	\$	159.91	\$	164.71	\$	169.65
(h) rental of textbooks by schools	\$	1.25	\$	1.29	\$	1.32	\$	1.36
(i) lease or rental of films, records, etc by motion picture exhibitors	\$	2.23	\$	2.30	\$	2.36	\$	2.44
(j) meals served to employees by restaurants	\$	4.94	\$	5.09	\$	5.24	\$	5.40
(s) groundwater management and rural water districts	\$	0.06	\$	0.06	\$	0.06	\$	0.06
(u) lease or rental of dwelling leased or rental for more than 28 days	\$	0.95	\$	0.98	\$	1.01	\$	1.04
(v) meals to homebound elderly (meals on wheels)	\$	1.09	\$	1.12	\$	1.15	\$	1.19
(w) gas, electric, heat, water in a residence (oil rigs exempt)	\$	15.13	\$	15.59	\$	16.05	\$	16.54
(x) propane, LP gas, coal, wood for heat or lighting in a residence	\$	-	\$	-	\$	-	\$	-
(z) port authority	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal
(bb) used mobile homes or manufactured homes	\$	5.79	\$	5.96	\$	6.14	\$	6.32
(cc) enterprise exemption for businesses	\$	75.59	\$	28.36	\$	29.21	\$	30.08
(ff) sales of new mobile homes	\$	4.24	\$	4.37	\$	4.50	\$	4.64
(hh) nonprofit nursing homes	\$	1.36	\$	1.40	\$	1.44	\$	1.48
(ii) nonsecretarin comprehensive multidiscipline youth development pgms	\$	3.43	\$	3.53	\$	3.64	\$	3.75
(jj) community based mental retardation facility or mental health center	\$	3.15	\$	3.24	\$	3.34	\$	3.44
(ll) educational materials for health purchases by nonprofit groups	\$	0.11	\$	0.11	\$	0.11	\$	0.12
(mm) seeds, trees, fertilizers, etc to prevent soil erosion on agricultural land	\$	1.25	\$	1.29	\$	1.32	\$	1.36
(nn) advertising agencies	\$	5.53	\$	5.69	\$	5.86	\$	6.04
(oo) low income weatherization programs	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal
(pp) drill bits and explosives used in exploration & production of oil or gas	\$	0.53	\$	0.54	\$	0.56	\$	0.57
(qq) nonprofit museums and historical societies	\$	0.52	\$	0.53	\$	0.55	\$	0.56
(rr) sale of tangible property to admit into an annual event	\$	0.04	\$	0.04	\$	0.05	\$	0.05

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	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal
(ss) public broadcasting stations	\$	\$	\$	\$	\$	\$
(tt) Korean War memorials	Minimal	Minimal	Minimal	Minimal	Minimal	Minimal
(uu) rural volunteer fire fighting organizations	\$	\$	\$	\$	\$	\$
(vv) named health-related organizations	\$	\$	\$	\$	\$	\$
(ww) Habitat for Humanity	\$	\$	\$	\$	\$	\$
(xx) nonprofit zoos	\$	\$	\$	\$	\$	\$
(yy) PTAs and PTOs	\$	\$	\$	\$	\$	\$
(zz) over the air free access radio and TV	\$	\$	\$	\$	\$	\$
(aaa) religious organizations	\$	\$	\$	\$	\$	\$
(bbb) food distribution warehouse	\$	\$	\$	\$	\$	\$
(ccc) clinics for the medically underserved	\$	\$	\$	\$	\$	\$
(ddd) Class II and III railroads used in interstate commerce	n/a	n/a	n/a	n/a	n/a	n/a
(eee) grain elevators - no longer active	n/a	n/a	n/a	n/a	n/a	n/a
(fff) warehouse and distribution facility	\$	\$	\$	\$	\$	\$
(ggg) Kansas Academy of Science	\$	\$	\$	\$	\$	\$
(hhh) domestic violence shelters	\$	\$	\$	\$	\$	\$
(iii) food distribution program for community service	\$	\$	\$	\$	\$	\$
(lll) Special Olympics Kansas, Inc	\$	\$	\$	\$	\$	\$
(mmm) Marillac Center	\$	\$	\$	\$	\$	\$
(nnn) West Sedgwick County Sunrise Rotary Club	\$	\$	\$	\$	\$	\$
(ooo) sales by public library	\$	\$	\$	\$	\$	\$
(ppp) homeless shelter	\$	\$	\$	\$	\$	\$
(qqq) TLC for children and families	\$	\$	\$	\$	\$	\$
(rrr) county law library	\$	\$	\$	\$	\$	\$
(sss) catholic charities or youthville	\$	\$	\$	\$	\$	\$
(ttt) Governor's hometown museum	\$	\$	\$	\$	\$	\$
(uuu) Kansas children's service league	\$	\$	\$	\$	\$	\$
(vvv) Jazz in the Woods	\$	\$	\$	\$	\$	\$
(www) Frontenac Education Foundation	\$	\$	\$	\$	\$	\$
(xxx) Booth Theater Foundation	\$	\$	\$	\$	\$	\$
(yyy) TLC Charities Foundation	\$	\$	\$	\$	\$	\$
(zzz) Rotary club of Shawnee Foundation	\$	\$	\$	\$	\$	\$
(aaaa) Victory in the Valley	\$	\$	\$	\$	\$	\$
(bbbb) Guadalupe Health Foundation - sales of tickets	\$	\$	\$	\$	\$	\$
(cccc) Wayside Waifs	\$	\$	\$	\$	\$	\$
(dddd) Goodwill Industries or Easter Seals of Kansas	\$	\$	\$	\$	\$	\$
(eeee) All American Beef Battalion	\$	\$	\$	\$	\$	\$
(ffff) Sheltered Living	\$	\$	\$	\$	\$	\$
(gggg) game birds used in hunting	\$	\$	\$	\$	\$	\$
SUBTOTAL	\$ 1,243.24	\$ 1,231.09	\$ 1,267.97	\$ 1,305.83	\$ 1,305.83	\$ 1,305.83
c) adds as exempt Food and food ingredients	\$ (363.60)	\$ (374.51)	\$ (385.74)	\$ (397.32)	\$ (397.32)	\$ (397.32)
SUBTOTAL	\$ (363.60)	\$ (374.51)	\$ (385.74)	\$ (397.32)	\$ (397.32)	\$ (397.32)

Kansas Department of Revenue
Office of Policy and Research
Taxation of Services Fiscal Impact Estimate for Sen Kelsey Proposal
(dollars in thousands)

NAICS	Based on current law (6.3% until July 2013 then 5.7%) Receipts	Sales to		FY 2012	FY 2013	FY 2014	FY 2015	FY 2016
		Consumer	3%	3%	3%	3%	3%	
Professional, Scientific & Technical								
5411	Legal Services	\$ 786,065	\$ 78,607	\$ 4,952	\$ 5,101	\$ 4,753	\$ 4,896	\$ 5,043
5412	Accounting & Tax Services	\$ 643,230	\$ 64,323	\$ 4,052	\$ 4,174	\$ 3,890	\$ 4,006	\$ 4,127
5413	Architectural Services	\$ 294,852	\$ 29,485	\$ 1,858	\$ 1,913	\$ 1,783	\$ 1,836	\$ 1,892
54133	Engineering Services	\$ 1,793,645	\$ 179,365	\$ 11,300	\$ 11,639	\$ 10,846	\$ 11,172	\$ 11,507
54134	Drafting Services	\$ 3,751	\$ 375	\$ 24	\$ 24	\$ 23	\$ 23	\$ 24
54135	Building Inspection Services	\$ 4,054	\$ 405	\$ 26	\$ 26	\$ 25	\$ 25	\$ 26
54136	Geophysical surveying and Mapping	\$ 17,680	\$ 1,768	\$ 111	\$ 115	\$ 107	\$ 110	\$ 113
54137	Surveying and Mapping (except geophysical)	\$ 29,485	\$ 1,474	\$ 93	\$ 96	\$ 89	\$ 92	\$ 95
54138	Testing Services	\$ 66,724	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5414	Specialized Design Services (1)	\$ 121,340	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5415	Computer systems design & related services	\$ 1,966,137	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5416	Management, Scientific & Technical Consulting	\$ 737,212	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5417	Scientific research & development services	\$ 255,313	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5418	Advertising & Related Services	\$ 608,358	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5419	Other Prof. Tech, and Science (2)	\$ 451,038	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total, Professional, Scientific & Technical	\$ 7,778,884	\$ 355,802	\$ 22,416	\$ 23,088	\$ 21,516	\$ 22,161	\$ 22,826
Administrative & Support Services								
5611	Office Administrative Services	\$ 343,428	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5612	Facilities Support Services	\$ 122,236	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5613	Employment Services	\$ 1,229,323	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5614	Business Support Services	\$ 627,631	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5615	Travel Arrangement and Reservation Services	\$ 86,734	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5616	Investigation and Security services	\$ 193,621	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5617	Services to buildings and dwellings (3)	\$ 830,576	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
5619	Other Support Services	\$ 210,735	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total, Administrative & Support Services	\$ 3,644,284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Health Care Services								
6211	Physicians	\$ 3,384,563	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6212	Dentists	\$ 819,702	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6213	Other Health Practitioners	\$ 518,004	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6214	Outpatient care centers	\$ 460,707	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6215	Medical & diagnostic Laboratories	\$ 446,881	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6216	Home Health Care Services	\$ 281,614	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
6219	Other ambulatory health care services	\$ 235,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
624	Social assistance	\$ 1,100,724	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total, Health Care	\$ 7,247,198	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Personal Care								
8121	Personal Care Services (hair, nail and skin)	\$ 207,470	\$ 207,470	\$ 13,071	\$ 13,463	\$ 12,546	\$ 12,922	\$ 13,310
8122	Death Care Services	\$ 159,835	\$ 159,835	\$ 10,070	\$ 10,372	\$ 9,665	\$ 9,955	\$ 10,254
8129	Other Personal Care (4)	\$ 124,776	\$ 124,776	\$ 7,861	\$ 8,097	\$ 7,545	\$ 7,772	\$ 8,005
	Total, Personal Care	\$ 492,081	\$ 492,081	\$ 31,001	\$ 31,931	\$ 29,757	\$ 30,649	\$ 31,569
Other								
4853	Taxi And Limousine Services	\$ 13,071	\$ 6,536	\$ 412	\$ 424	\$ 395	\$ 407	\$ 419
7212	RV Parks and Recreational Camps	\$ 3,536	\$ 3,536	\$ 223	\$ 229	\$ 214	\$ 220	\$ 227
7213	Rooming and Boarding Houses (5)	\$ 21,223	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
	Total, Other	\$ 34,294	\$ 6,536	\$ 635	\$ 654	\$ 609	\$ 627	\$ 646
	Total All Services	\$19,196,741	\$ 854,418	\$ 54,051	\$ 55,673	\$ 51,882	\$ 53,438	\$ 55,041

The estimate on services was developed based on the U.S Census 2007 Economic Census for the state of Kansas. The Economic Census provides data on receipts by business classifications for both employers and nonemployers. The estimate assumes 50% of the receipts would be exempt from tax. This would allow for sales made to exempt entities (government, schools, exempt businesses) and for sales of tangible property that is already subject to sales tax. An annual increase was applied to each year as shown in the FY column.

- (1) data not available in 2007 data, estimating 25% increase over 2002 data
- (2) data not available for all categories, estimating missing data makes up 25% of the industry total
- (3) currently taxable
- (4) includes parking lots, bail bonding, dating services. Photofinishing omitted- currently taxable
- (5) data not available, used 2002 Census data with 10% growth (2% annual)

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