

**Kansas Department of Revenue**  
**Fiscal Impact of Proposed Income Tax Reform**

Fiscal Years  
dollars are in millions

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Income	\$ (106.0)	\$ (368.8)	\$ (380.7)	\$ (395.3)	\$ (412.7)	\$ (431.0)
Mineral	\$ 16.1	\$ 18.8	\$ 32.8	\$ 45.6	\$ 56.8	\$ 68.8
Sales/Use		\$ 251.0	\$ 287.1	\$ 297.1	\$ 306.0	\$ 315.2
Net Impact	\$ (89.9)	\$ (99.0)	\$ (60.8)	\$ (52.6)	\$ (49.9)	\$ (47.0)

**Tax Year 2013 Impact of Selected Income Tax Provisions**

(\$ in millions)

Impact of Eliminating Kansas Itemized Deductions	
State and Local Sales Tax	\$4.630
Real Estate Taxes	\$68.540
Other Taxes	\$11.960
Mortgage Interest	\$162.640
Charitable Contributions	\$100.920
Other Deductions	\$102.810
<b>Total</b>	<b>\$451.500</b>

Impact of Eliminating Certain Subtraction Modifications	
Learning Quest	\$3.500
Long Term Care Insurance	\$1.700
<b>Total</b>	<b>\$5.200</b>

Impact of Eliminating/Modifying Certain Kansas Credits	
EITC	\$91.000
Food Sales Rebate Credits	\$53.000
Renters in Homestead	\$13.000
Abandoned Well Plugging	\$0.000
Adoption	\$1.437
Agritourism	\$0.004
Alt Fuel	\$0.015
Angel Investor	\$6.000
Assistive Technology	\$0.006
Child and Dependent Care	\$9.494
Child Day Care	\$0.009
Community Service Contrib	\$2.278
Disabled Access	\$0.039
Environmental Compliance	\$0.000
Historic Preservation	\$3.998
Individual Dvlpmnt Accounts	\$0.054
Law Enf Training Center	\$0.000
Nat Guard Employer Health Ins	\$0.000
Research and Development	\$0.026
Port Authority	\$0.000
Small Emp Health Ben Plans	\$0.060
Swine Facility Improvement	\$0.000
Telecomm Prop Tax	\$0.006
Temp Assist to Families	\$0.000
Venture Capital	"confidential"
<b>Total</b>	<b>\$180.426</b>

Note: Dept of Revenue indicated it is Governor's intent to generally repeal these credits only relative to individual income tax and not corporate or fin inst privilege. These estimates assume only individual credits would be repealed

Top Rate of 4.9%  
Bottom rate of 3.0%

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)	\$ 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)

**Impact on Kansas Taxpayers  
Single Taxpayers - Median Income**

**Kansas Median Income - Single, Itemized Deductions(22.5%), Credits**

	Current	Proposed
FAGI	\$ 21,880	\$ 21,880
Modifications	\$ (3,000)	\$ (3,000)
KAGI	\$ 18,880	\$ 18,880
Std Ded.	\$ 9,100	\$ 3,000
P/E	\$ 2,250	\$ 2,250
Taxable Income	\$ 7,530	\$ 13,630
Total Tax	\$ 264	\$ 409
Credits	\$ 42	
Balance	\$ 222	\$ 409
Effective Rate	1.2%	2.2%
Change in Tax		\$ 187.35

**Kansas Median Income - Single, Standard Deductions(77.5%), Credits**

	Current	Proposed
FAGI	\$ 17,600	\$ 17,600
Modifications	\$ (150)	\$ (150)
KAGI	\$ 17,450	\$ 17,450
Std Ded.	\$ 3,000	\$ 3,000
P/E	\$ 2,250	\$ 2,250
Taxable Income	\$ 12,200	\$ 12,200
Total Tax	\$ 427	\$ 366
Credits	\$ 34	
Balance	\$ 393	\$ 366
Effective Rate	2.3%	2.1%
Change in Tax		\$ (27.00)

## Impact on Kansas Taxpayers

### Married Filing Joint Taxpayers - Median Income

#### Kansas Median Income - Married Filing Joint, 1 Child- Itemized Deduction(41%), credits

	Current	Proposed
FAGI	\$ 69,000	\$ 69,000
Modifications	\$ (4,000)	\$ (4,000)
KAGI	\$ 65,000	\$ 65,000
Std Ded.	\$ 15,300	\$ 6,000
P/E	\$ 6,750	\$ 6,750
Taxable Income	\$ 42,950	\$ 52,250
Total Tax	\$ 1,859	\$ 1,990
Credits	\$ 36	
Balance	\$ 1,823	\$ 1,990
Effective Rate	2.8%	3.1%
Change in Tax		\$ 166.88

#### Kansas Median Income - Married Filing Joint, 1 Child- Standard Deduction(59%), credits

	Current	Proposed
FAGI	\$ 65,430	\$ 65,430
Modifications	\$ (500)	\$ (500)
KAGI	\$ 64,930	\$ 64,930
Std Ded.	\$ 6,000	\$ 6,000
P/E	\$ 6,750	\$ 6,750
Taxable Income	\$ 52,180	\$ 52,180
Total Tax	\$ 2,436	\$ 1,987
Credits	\$ 24	
Balance	\$ 2,412	\$ 1,987
Effective Rate	3.7%	3.1%
Change in Tax		\$ (425.43)

## Impact on Kansas Taxpayers

### Head of Household Taxpayers - Median Income

#### Kansas Median Income - Head of Household, 1 Child, Itemized Deductions(6%), Credits

	Current	Proposed
FAGI	\$ 21,900	\$ 21,900
Modifications	\$ (1,700)	\$ (1,700)
KAGI	\$ 20,200	\$ 20,200
Std Ded.	\$ 11,000	\$ 9,000
P/E	\$ 9,000	\$ 9,000
Taxable Income	\$ 200	\$ 2,200
Total Tax	\$ 7	\$ 66
Credits	\$ 394	
Balance	\$ (387)	\$ 66
Effective Rate	-1.9%	0.3%
Change in Tax		\$ 453.00

#### Kansas Median Income - Head of Household, 1 Child, Standard Deductions(94%), Credits

	Current	Proposed
FAGI	\$ 20,000	\$ 20,000
Modifications	\$ -	\$ -
KAGI	\$ 20,000	\$ 20,000
Std Ded.	\$ 4,500	\$ 9,000
P/E	\$ 9,000	\$ 9,000
Taxable Income	\$ 6,500	\$ 2,000
Total Tax	\$ 228	\$ 60
Credits	\$ 609	
Balance	\$ (382)	\$ 60
Effective Rate	-1.9%	0.3%
Change in Tax		\$ 441.50

Top Marginal Rate = 4.9%

**Example 1 - Married Filing Joint, no Children- Business Income, Itemized Deduction, Business credits**

	Current	Proposed
FAGI	\$ 75,610	\$ 75,610
Modifications	\$ -	\$ (55,000)
KAGI	\$ 75,610	\$ 20,610
Std Ded.	\$ 18,819	\$ 6,000
P/E	\$ 4,500	\$ 4,500
Taxable Income	\$ 52,291	\$ 10,110
Total Tax	\$ 2,443	\$ 303
Credits	\$ 2,036	
Balance	\$ 407	\$ 303
Effective Rate	0.5%	1.5%
Change in Tax		\$ (103.89)

**Example 2 - Married Filing Joint, 2 Children- Learning Quest modification**

	Current	Proposed
FAGI	\$ 60,596	\$ 60,596
Modifications	\$ (1,000)	\$ -
KAGI	\$ 59,596	\$ 60,596
Std Ded.	\$ 6,000	\$ 6,000
P/E	\$ 9,000	\$ 9,000
Taxable Income	\$ 44,596	\$ 45,596
Total Tax	\$ 1,962	\$ 1,664
Credits	\$ -	
Balance	\$ 1,962	\$ 1,664
Effective Rate	3.3%	2.7%
Change in Tax		\$ (298.25)

**Example 3 - Married Filing Joint, no Children- Itemized Deduction, Business Income**

	Current	Proposed
FAGI	\$ 50,582	\$ 50,582
Modifications		\$ 50,582
KAGI	\$ 50,582	\$ -
Std Ded.	\$ 10,981	\$ 6,000
P/E	\$ 4,500	\$ 4,500
Taxable Income	\$ 35,101	\$ -
Total Tax	\$ 1,369	\$ -
Credits	\$ 415	
Balance	\$ 954	\$ -
Effective Rate	1.9%	0.0%
Change in Tax		\$ (953.81)

**Example 4 - Head of Household, one Child**

	Current	Proposed
FAGI	\$ 35,000	\$ 35,000
Modifications		\$ -
KAGI	\$ 35,000	\$ 35,000
Std Ded.	\$ 4,500	\$ 9,000
P/E	\$ 6,750	\$ 6,750
Taxable Income	\$ 23,750	\$ 19,250
Total Tax	\$ 1,072	\$ 658
Credits	\$ 12	
Balance	\$ 1,060	\$ 641
Effective Rate	3.0%	1.8%
Change in Tax		\$ (418.88)
Federal EIC	\$ 90	\$ 90



**Example 5 - Head of Household, one Child**

	Current	Proposed
FAGI	\$ 20,000	\$ 20,000
Modifications		
KAGI	\$ 20,000	\$ 20,000
Std Ded.	\$ 4,500	\$ 9,000
P/E	\$ 6,750	\$ 6,750
Taxable Income	\$ 8,750	\$ 4,250
Total Tax	\$ 306	\$ 128
Credits	\$ 542	\$ -
Balance	\$ (236)	\$ 128
Effective Rate	-1.2%	0.6%
Change in Tax		\$ 363.25
Federal EIC	\$ 2,487	\$ 2,487

**Example 6 - Married Filing Joint, no Children- Itemized Deduction**

	Current	Proposed
FAGI	\$ 125,759	\$ 125,759
Modifications		
KAGI	\$ 125,759	\$ 125,759
Std Ded.	\$ 35,562	\$ 6,000
P/E	\$ 4,500	\$ 4,500
Taxable Income	\$ 85,697	\$ 115,259
Total Tax	\$ 4,582	\$ 5,078
Credits	\$ -	\$ -
Balance	\$ 4,582	\$ 5,078
Effective Rate	3.6%	4.0%
Change in Tax		\$ 495.23

**Example 7 - Married Filing Joint, 3 Children- Itemized Deduction**

	Current	Proposed
FAGI	\$ 1,090,984	\$ 1,090,984
Modifications		\$ -
KAGI	\$ 1,090,984	\$ 1,090,984
Std Ded.	\$ 76,895	\$ 6,000
P/E	\$ 11,250	\$ 11,250
Taxable Income	\$ 1,002,839	\$ 1,073,734
Total Tax	\$ 63,738	\$ 52,043
Credits	\$ 33,591	
Balance	\$ 30,147	\$ 52,043
Effective Rate	2.8%	4.8%
Change in Tax		\$ 21,895.85

**Example 8- Married Filing Joint, 2 Children- standard deduction**

	Current	Proposed
FAGI	\$ 22,350	\$ 22,350
Modifications		
KAGI	\$ 22,350	\$ 22,350
Std Ded.	\$ 6,000	\$ 6,000
P/E	\$ 9,000	\$ 9,000
Taxable Income	\$ 7,350	\$ 7,350
Total Tax	\$ 257	\$ 221
Credits	\$ 864	
Balance	\$ (607)	\$ 221
Effective Rate	-2.7%	1.0%
Change in Tax		\$ 827.25
Federal EIC	\$ 3,799	\$ 3,799

**Example 9- Married Filing Joint, 2 Children- itemized deduction**

	Current	Proposed
FAGI	\$ 50,000	\$ 50,000
Modifications		
KAGI	\$ 50,000	\$ 50,000
Std Ded.	\$ 10,000	\$ 6,000
P/E	\$ 9,000	\$ 9,000
Taxable Income	\$ 31,000	\$ 35,000
Total Tax	\$ 1,113	\$ 1,145
Credits	\$ -	
Balance	\$ 1,113	\$ 1,145
Effective Rate	2.2%	2.3%
Change in Tax		\$ 32.50

**Example 10- single, standard deduction**

	Current	Proposed
FAGI	\$ 40,000	\$ 40,000
Modifications		
KAGI	\$ 40,000	\$ 40,000
Std Ded.	\$ 3,000	\$ 3,000
P/E	\$ 2,250	\$ 2,250
Taxable Income	\$ 34,750	\$ 34,750
Total Tax	\$ 1,769	\$ 1,418
Credits	\$ -	
Balance	\$ 1,769	\$ 1,418
Effective Rate	4.4%	3.5%
Change in Tax		\$ (351.13)