

Estimated Fiscal Impact for 5% Flat Tax Plan

5.0% Flat Tax effective 1/1/18, repealing nonwage business income exemption and allow Federal NOLs effective 1/1/17:

FY 18 = \$373.7 million

FY 19 = \$420 million

Assumptions:

- Removes the low income exclusion effective in tax year 2018 (\$19.5 million)
 - \$12,500 for married filing joint taxpayers, \$5,000 for single taxpayers
- Includes taxing Board of Regents employee retirement contributions (\$1.8 million)
- Increases the standard deductions effective 1/1/18 in FY 2019 (\$270.4 million reduction)
 - Single: \$3,000 to \$10,000
 - Married Filing Separate: \$3,750 to \$10,000
 - Head of Household: \$5,500 to \$15,000
 - Married Filing Joint: \$7,500 to \$20,000
- Includes allowing the medical deduction at 100% effective 1/1/18 in FY 2019 (\$23 million reduction)

Estimated Fiscal Impact for a FAGI Flat Tax

3.0% Flat Tax on Federal Adjusted Gross Income would have a neutral revenue impact

Assumptions:

- No modifications or deductions are allowed
- Nonresidents are taxed on their KS source income
- Only credits allowed are for tax credits to other states
- A .1 increase in the tax rate generates approximately \$90 million
- FY 2016 individual income receipts totaled approximately \$2.2 billion