

**HB 2538 Proponent Testimony**  
**House Committee on Taxation**  
**Increasing the Kansas Standard Deduction**  
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**February 3, 2020**



Chairman Johnson and Members of the Committee,

On behalf of the Kansas Policy Institute, we appreciate this opportunity to submit testimony in support of HB 2538. HB 2538 increases the standard deduction to \$4,000 if single, \$8,000 if married filing joint, and \$6,000 for the head of household status in 2020. The bill also indexes the Kansas standard to inflation in 2021. We support HB 2538 for these reasons.

1. HB 2538 protects more low-income Kansans from state taxation.
2. November 2019 Consensus Revenue Estimates makes HB 2538 budget-neutral
3. HB 2538 maintains Kansas taxpayer purchasing power.

**HB 2538 protects more low-income Kansans from state taxation**

A standard deduction is a broad-based exemption designed to avoid unduly punishing the less fortunate. Increasing the Kansas standard deduction allows all Kansans to benefit while creating the largest gain for the low income.<sup>1</sup> This is because HB 2427 would bring more Kansans to fall under the low-income tax exclusion, which would exempt all income from state taxation.<sup>2</sup>

**November 2019 Consensus Revenue Estimates makes HB 2538 budget-neutral**

In November 2019, the Consensus Estimating Group (CRE) raised the State General Fund revenue estimate for the fiscal year 2020 and fiscal year 2021.<sup>3</sup> For the fiscal year 2020, the CRE predicted the state general fund would see an additional \$220 million, or 3.0% above the previous estimate. The fiscal year 2021 is slated to grow another 3.0% over 2020. This means that as long as the budget remains nearly flat, it is possible to provide tax relief without cutting funding towards any state program. As long as spending is kept in check, HB 2538 is budget neutral policy consideration.

**HB 2538 maintains Kansas taxpayer purchasing power**

By indexing the standard deduction to inflation, HB 2538 ensures the purchasing power of Kansans' after-tax income does not decline.

For these reasons, we urge the committee to pass HB 2538 in its current form.

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<sup>1</sup> Milton Friedman, A 1962 Flat-Tax Proposal Revisited,  
[https://miltonfriedman.hoover.org/friedman\\_images/Collections/2016c21/WSJ\\_02\\_09\\_1996.pdf](https://miltonfriedman.hoover.org/friedman_images/Collections/2016c21/WSJ_02_09_1996.pdf)

<sup>2</sup> Kansas Department of Revenue, Overview of State tax Policy Changes Since 2012,  
<https://governor.kansas.gov/wp-content/uploads/2019/09/TC1.Overview-of-State-Tax-Changes-since-2012-1.pdf>

<sup>3</sup> Division of the Budget and Kansas Legislative Research Department, State General Fund Revenue Estimate for FY 2020 and FY 2021, [http://www.kslegresearch.org/KLRD-web/Publications/CRE/2019\\_CRE\\_ShortMemo-11-7-19.pdf](http://www.kslegresearch.org/KLRD-web/Publications/CRE/2019_CRE_ShortMemo-11-7-19.pdf)