KS HB 2668: 23 brackets are matched/reduced to 1 - Neutral Modification)

There are 23 brackets for homestead property tax refund in HB 2668 and Form K-40 H (Department of Revenue). Their ranges are between 100% and 0.
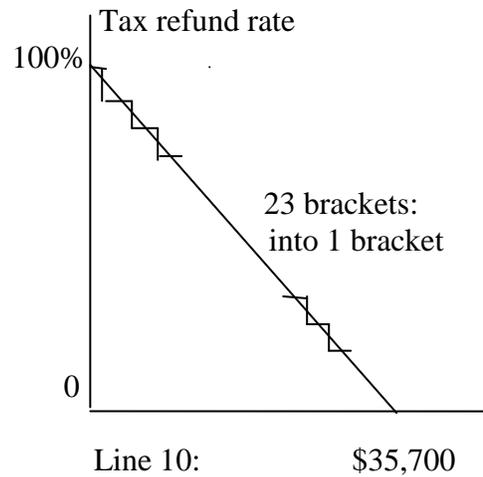
K-40H: 0-$6,000: 100%, $6,001-0-$7,000: 96%, …… **20 brackets** …… $35,701: 0% (2019)
(* $35,001: 0% in 2018)
HB 2668:   0-$6,000: 0%, $6,001-$7,000: 4%, …… **20 brackets** …… $27,001-$27,600: 95%

One linear solution can be used to reduce its tax refund rates from 100% to 0 gradually with one bracket. Then the 23 brackets are simplified to 1 (**95% reduction**). A linear formula is the most simple and fair.

1.   K-40H Homestead property tax refund rate (2019)

Line 10	0 - $35,700	Over $35,700
Refund rate	1–(L10÷35,700)	0

Tax refund rate

100%

23 brackets: into 1 bracket

0

Line 10: $35,700

2. Tax revenue (State General Fund): **almost neutral**

3. Linear formula
Simple one linear formula can be used to resolve related tax and refund problems such as social security tax cliff, tax refund rate and income tax simplification.

(1) **Solution for social security tax cliff:**

	Gradual reduction between $75,000 and $100,00			Tax revenue .
AGI	0-$75K	$75K-$100K	Over $100K	Reduction
Rate	100%	1–(AGI-75,000)÷25,000	0	

(2) **Income tax simplification**: (Very slight or no difference comparing with existing tax system)

If the yearly taxable income ÷ S is: The tax is:
Not over $50,000 …………………………….....…... $((TI×F÷S÷A) + 0.031) × TI$
Over $50,000 ……………………………………....….. $(0.057 – (B×S÷TI÷F)) × TI$

Wherein TI = taxable income, F = the number of filing periods, which is 1 (for tax returns), 2, 4, 12, 24, 26, 52 or 365 (for withholding taxes),
S = 2 for married individuals filing joint returns or 1 for all other individuals,
there are two tax rate ranges of 0.031-0.04785-0.057,
A (constant) = 50,000 ÷ tax rate difference (1-st) = 2,967,359, and
B (constant) = 50,000 × tax rate difference (2-nd) = 457.5.

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