

SB 169 – Written Proponent Testimony
House Committee on Taxation
Providing a 4.75% Income Tax Rate on Individuals
and Businesses
Michael Austin – Legislative Director
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Chair Smith and Members of the Committee,

SB 169 provides a personal income tax rate of 4.75. On behalf of the Americans for Prosperity Kansas Chapter, we appreciate this opportunity to submit testimony in support of SB 169. We hold the following positions on SB 169.

1. SB 169 provides more relief to vulnerable Kansans than the current tax structure
2. SB 169 prevents Kansas taxpayers from inflation and bracket creep.
3. SB 169 is affordable with the Kansas state budget.
4. SB 169 puts Kansas in line with fellow states and economic growth.

SB 169 provides more relief to vulnerable Kansans than the current tax structure

SB 169 exempts the first \$10,975 and \$22,950 from state income taxation for single and married filers respectively. SB 169 also lowers the marginal tax rate for incomes higher than \$10,975 (single) and \$22,950 (married) from 5.35% and 5.7% to 4.75%. In other words, SB 169 allows the most vulnerable Kansans to not pay state income tax, everyone else gets a pay raise.

Single Tax Rate Gives Largest Tax Relief to the Most Vulnerable Kansans					
Income (KAGI)	Current Tax Liability	SB 169 Tax Liability	Tax Savings		
			Dollars	Percent	
\$ 3,000	\$ -	\$ -	Not Applicable		
\$ 5,225	\$ -	\$ -	Not Applicable		
\$ 10,975	\$ 161.98	\$ -	\$ (161.98)	-100%	
\$ 15,000	\$ 286.75	\$ 191.19	\$ (95.56)	-33%	
\$ 30,000	\$ 950.63	\$ 903.69	\$ (46.94)	-5%	
\$ 60,000	\$ 2,634.75	\$ 2,328.69	\$ (306.06)	-12%	
\$ 100,000	\$ 4,914.75	\$ 4,228.69	\$ (686.06)	-14%	

Source: Kansas Department of Revenue & Author's Calculations

SB 169 prevents Kansas taxpayers from inflation and bracket creep.

During times of high inflation, taxpayers may experience a concept called “Bracket Creep.” It’s when inflation pushes taxpayers into higher income tax brackets or reduces the value of credits, deductions, and exemptions. In other words, taxpayers see an increase in income taxes but have no increase in real income. Tax brackets are indexed to inflation on the federal tax code to prevent this. Also, some states have a single tax rate that prevents bracket creep. Kansas has neither within its tax code. SB 169 simplifying Kansas’s graduated tax rates into one rate helps protect taxpayers from inflation and bracket creep.

SB 169 is affordable with the Kansas state budget.

The latest state budget profile shows Kansas has a roughly \$2 billion surplus. It's an incredible opportunity to provide relief to all Kansans, including the most vulnerable taxpayers. Moreover, the state has opportunities to find efficiencies through Performance-Based Budgeting. Our report of the spending improvement process identified \$815 million spent on failing state programs.¹

Redirecting just a portion of funds from failing programs to SB 169 makes tax relief for low-income Kansans even more affordable.

SB 169 puts Kansas in line with fellow states and economic growth.

In more than a century of state income tax rates, only four states have reformed their complex tax structure to a single rate. Since 2022, four states have passed more single-rate tax structures: Georgia, Iowa, Mississippi, and Arizona. SB 169 allows Kansas to follow fellow states in crafting simple tax codes.

Moreover, Kansans' economic health is stagnant. Kansans still are not finding jobs to the level of pre-Laura Kelly's COVID shutdown order.² Kansans' income is growing at the 39th fastest clip in the country.³ SB 169 grows the rewards to work and instantly boosts personal income, putting Kansans' well-being on par with the rest of the country.

For these reasons, I urge the committee to consider SB 169 for passage.

¹ Americans for Prosperity – Kansas & Kansas Policy Institute, *Review of Kansas' Performance-Based Budgeting Shows Poor Results*, <https://kansaspolicy.org/review-of-kansas-performance-based-budgeting-shows-poor-results/>

² U.S. Bureau of Labor Statistics, *State and Metro Area Employment, Hours & Earnings*, <https://www.bls.gov/sae/data/>

³ U.S. Bureau of Economic Analysis, *Gross Domestic Product by State and Personal Income by State, 3rd Quarter 2022*, <https://www.bea.gov/news/2022/gross-domestic-product-state-and-personal-income-state-3rd-quarter-2022>