



Chairman Johnson and Members of the Committee,

We appreciate this opportunity to submit written testimony in opposition to HB 2278, which upends the use of tables and current Kansas tax forms in favor of a mathematical formula. Our opposition stems from three positions.

1. HB 2278 is a tax increase.
2. HB 2278 isn't an efficient use of taxpayer dollars.
3. HB 2278 makes it easier to raise taxes in the future.

HB 2278 is a tax increase.

Despite the fiscal note claiming the formula is a simulation of Kansas' current tax law, the Kansas Department of Revenue reports the bill as a tax increase. HB 2278 is not a carbon copy of current tax law. By assuming a linear function, it raises taxes on certain income levels relative to current tax law. It is very likely the most prominent tax liability differences between the formula and current tax law is within lower income. In other words, low-income Kansans will bear the brunt of the tax increase. From this, the state government will see \$1.5 million to \$5 million each year for the next three years.

HB 2278 isn't an efficient use of taxpayer dollars

HB 2278 considered as a simulation of Kansas' current tax law; it invites the question as to whether it's an efficient use of taxpayer dollars. In other words, is revamping the state's existing tax collection system saving state dollars? The answer is, "No." Not only is the implementing HB 2278 going to raise Kansans' taxes, but it will also demand at least \$300,000 of taxpayer funds to implement. Kansans are not getting a better deal out of HB 2278 restructuring endeavor.

HB 2278 makes it easier to raise taxes in the future.

A significant feature of Kansas income tax law is the way tax payments to the state are designed. Kansans pay state withholding taxes on their wage income, estimated fees on their business income, and taxes on residual income on April 15th. This system makes it easier for Kansans regardless of educational background to calculate their taxes owed. HB 2278 creates the calculation less comprehensible, adversely harming Kansans with lower educational attainment. It is through this added difficulty that changes made to the formula, for whatever legislative purpose, would not be easily understood by Kansas taxpayers. For example, whereas under current tax law, any Kansan can understand how their taxes change when a tax rate rises, the same cannot be said if a constant is added to a mathematical formula. In other words, HB 2278 lowers the cost of passing tax increases, discouraging lawmaker accountability and encouraging a larger government.

We urge the committee to reject HB 2278 in its current form and appreciate your consideration of this matter.