

Testimony to Oppose SB 169
Senate Assessment and Taxation Committee
Topeka, KS 66612

SB 169 - Providing an income tax rate of 4.75% for individuals

Chairwoman Tyson and Committee Members:

We are tax researcher and economics professor with 15 publications (A). We oppose SB 169 because of following 4 reasons: (A): <https://taxsimplecenter.net/publication.html>

(1) SB 169 can reduce tax revenue by \$xxx million or \$x billion (B). Its Fiscal Note is needed. Where can you find the extra hundred million dollars or how much do you plan to cut Kansas budget? We resolve one problem and should not create another problem.

(B): www.kslegislature.org/li/b2023_24/measures/documents/fisc_note_sb61_00_0000.pdf
(SB 61 has 5% tax rate, which can reduce tax revenue from individuals by \$372 million (2024), \$1.26 billion (2025) and \$1.34 billion (2026)).

(2) For high income individuals such as \$1 million (taxable income), income tax can be reduced by \$9,290.69 less than existing tax system. There is tax rate jump from 0% to 4.75%.

(3) When \$5,225/10,450 are deducted for all individuals, it is much easy to add into standard deductions simply and to calculate taxes with smooth tax rate changes without the tax rate jump from 0% to 4.75%.

(4) Still having 2 brackets and 2 statuses: 1st bracket: Not over \$5,225/10,450: Tax rate is 0%
2-nd bracket: Over \$5,225/10,450: Tax rate is 4.75%

We suggest one slight modification with one simple linear formula for not over \$50,000×S (S=1 or 2) with neutral tax revenue change and one existing formula for over \$50,000×S. Then the above problems can be resolved. We can use simple two brackets, which are similar to SB 169. Here is a comparison table for existing tax system, SB 169, and the slight modification:

Tax Calculation System Comparison

Tax Calculation Systems	Tax Brackets	Withholding Formulas	Withholding Tables	Tax Table	Tax Revenue Change	Savings or Values	For Tax Reform
Existing 3.1-5.7%	3 (to 8)	48	22 pages	8 pages	No change	No change	Complex
SB 169:0%/4.75%	2	32	0	Option	(\$xxx million)	\$x million	Simple
3%-4.785%-5.7%	2	2	0	Option	Neutral	\$xx million	Simple

C: https://taxsimplecenter.net/uploads/8/3/3/9/83395216/wtaxproblem_solutionks29.pdf

A flat tax rate is too simple and unreasonable for low and high income individuals and corporations. One simple and fair linear formula can be used to resolve related tax problems, which is similar for Kansas to resolve our social security tax cliff problem. Then we may have 15 benefits to save \$90 million (D: Table 6) for Kansas. Let me know your questions and work together for Kansas. Thank you.

D: www.scitcentral.com/documents/be5648da4795008d9893b752b9226c8f.pdf

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