

January 21, 2020

House Taxation Committee
Informational Briefing: HB 2278
Honorable Steven Johnson, Chair
Kansas State Capitol, Room 112-N
Topeka, KS 66612

RE: Informational Briefing: HB 2278 Calculating income tax rates using formulas

Thank you, Representative Johnson and Committee members, for the opportunity to provide information on HB 2278 that suggests calculating income tax rates using formulas. I am Natasha Schamberger, the CEO and President of the Kansas Society of CPAs (KSCPA), the primary professional association representing CPAs in Kansas with over 2,600 members across the state. The information provided herewith represents the perspectives of our member CPAs and outlines the potential implications of HB 2278. This is for informational purposes only and does not represent a KSCPA position on policy. After a brief analysis of the propose bill, we've identified the following:

- The formula is likely too complicated for most people to solve. It requires a fair amount of knowledge regarding the order of operations in a math formula.
- Here are our results after running a quick simulation of the new formula:
 - For Married Filing Jointly, the new formula results in
 - (1) higher state income tax for those with taxable incomes between \$5,000 and \$45,000;
 - (2) lower state income tax for those with taxable incomes between \$55,000 and \$95,000; and
 - (3) no change in state income tax for those with a taxable exceeding \$95,000.
 - For all others, the new formula produces essentially the same tax as the 2019 rates.
- We looked at the latest publicly available data from the Department of Revenue. Based on some quick math, it appears the change would increase state revenues well in excess of the fiscal note. The increased tax revenue would come from those individuals with taxable incomes of \$5,000 to \$45,000 – essentially increasing income tax on low income households.

Should you have any further questions, please do not hesitate to contact us. Our community of savvy Kansas CPAs are on standby to outline and explain practical implications of policies.

Regards,
Natasha Schamberger, CPA