

Special Committee on Taxation – November 18, 2022

Estimated Fiscal Impacts – Kansas Department of Revenue

SOCIAL SECURITY BENEFITS

1 Current estimated cost of social security benefit modification
(\$31) Tax Expenditure (in Millions)

2 Estimated cost of smoothing cliff (formulaic method) \$75,000 to \$85,000

Fiscal Impact (in Millions)

FY 2024	FY 2025	FY 2026
(\$8.63)	(\$6.85)	(\$7.06)

3 Increase FAGI Threshold for Married Filing Joint to \$150,000

Fiscal Impact (in Millions)

FY 2024	FY 2025	FY 2026
(\$81.28)	(\$64.53)	(\$66.47)

4 Fully exempt social security benefits

Fiscal Impact (in Millions)

FY 2024	FY 2025	FY 2026
(\$147.64)	(\$117.22)	(\$120.74)

OTHER RETIREMENT

1 Exempt first \$2,000 (S, HofH, MFS) and first \$4,000 (MFJ) of retirement income

Fiscal Impact (in Millions)

FY 2024	FY 2025	FY 2026
(\$42.14)	(\$33.46)	(\$34.46)

2 Exempt first \$5,000 (S, HofH, MFS) and first \$10,000 (MFJ) of retirement income

Fiscal Impact (in Millions)

FY 2024	FY 2025	FY 2026
(\$88.92)	(\$69.13)	(\$69.82)

3 Exempt all retirement benefits

Fiscal Impact (in Millions)

FY 2024	FY 2025	FY 2026
(\$343.14)	(\$266.78)	(\$269.44)

Data

Tax year 2020 1040 and K40, processed through Dec 31, 2021

Assumptions

1. The number of KS tax returns would grow at 1% annually.
2. The cost of living adjustment for Social Security Benefits (COLA) would be annual 2%.
3. The law takes effect in tax year 2023.