

House Committee on Taxation
Testimony in Support of House Bill 2457
Presented by Eric Stafford, Vice President of Government Affairs
Tuesday, March 21, 2023

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to support House Bill 2457, a comprehensive tax bill dealing with personal and corporate income taxes, food sales tax and property taxes.

Personal Income Taxes

As with previous bills we have testified on, we want to highlight the income tax structure currently in place.

Kansas personal income tax rates		
Tax rate	Single, married filing separately, head of household	Married, filing jointly
3.10%	\$0 to \$15,000	\$0 to \$30,000
5.25%	\$15,001 to \$30,000	\$30,001 to \$60,000
5.70%	\$30,001 and above	\$60,001 and above

Source: [Kansas Department of Revenue](#)

TABLE 4.4.
Share of AGI and Tax Liability by Income Group for Resident Taxpayers (Tax Year 2016)

AGI Class	Share of AGI	Share of Tax Liability
\$0 - \$24,999	8%	0.20%
\$25,000 - \$49,999	16%	11%
\$50,000 - 74,999	14%	13%
\$75,000 - \$100,000	14%	14%
\$100,000 - \$250,000	32%	39%
\$250,000 +	18%	23%

Source: Kansas Department of Revenue, "2018 Complete Annual Report," 22.- Kansas Tax Modernization, Tax Foundation December 2019

As you see above, Kansas' top rate kicks in at only \$30,000 for single filers. While that group of taxpayers has a disproportionate share of tax burden, their tax liability, according to the Tax Foundation, is largely offset because of the state's EITC program.

We believe shifting to a single rate for personal income taxes would not only simplify returns but would result in stronger economic growth due to a lower and more competitive top marginal rate.

HB 2457 proposes to lower personal income taxes to a single rate of 4.95%. As with other income tax reductions, we would like to recommend a growth trigger similar to House Bill 2061 to allow for future personal and corporate income tax rate reductions as state receipts grow. We are working with the Tax Foundation on the details of the structure and will be ready to take that to prepare language that would

satisfy concerns over structure and implementation for consideration. This growth trigger method has been very successful in North Carolina as rates continue to decline as their tax revenues grow.

Corporate Income Taxes

HB 2457 accelerates the reduction in corporate income taxes triggered by the two APEX economic development projects. Kansas law imposes a corporate income tax rate of 4% (referred to as the “normal rate) on the first \$50,000. HB 2457 proposes to reduce the normal rate to 3%. While the first APEX project was certified in 2022, the department of revenue stated the corporate income tax rate would not be reduced until tax year 2024. We are not sure why they would delay this first .5% reduction. The second project just recently announced in tax year 2023, should also go into effect for 2023, making the normal CIT rate 3%.

Kansas also imposes a 3% surcharge rate on corporate income taxes on all income. If this committee adopts a growth trigger, this surcharge should be the rate that’s phased down, not the normal rate as most corporate income is taxed at the surcharge level.

Food Sales Tax

We are neutral on the elimination of sales tax on food, which this bill accelerates to 0%.

We appreciate the opportunity to submit testimony in support of House Bill 2457, and I am happy to answer any questions at the appropriate time.