

“ THE PECK PERSPECTIVE ”

(From the Capitol)

April 17, 2023

Governor Continues to Wield Her Veto Pen: Last week I mentioned that the Legislature had overridden Governor Kelly’s continued effort to discriminate against biological women. The bill, HB 2238, is the Fairness in Women’s Sports Act.

Later in the week, Friday, April 14th, the Governor apparently failed to look at the vote count on HB 2313, the Born Alive Infant Protection Act (Act), and vetoed the bill. HB 2313 passed with bipartisan support, 31–9 in the Senate and 86–36 in the House – both by sufficient supermajorities for another veto override.

Because of the vote count, some thought Kelly would set aside her extreme radical leftist position on abortion, lay down her veto pen, and let the Act become law without her signature. As a reminder, HB 2313 simply requires healthcare providers to administer the same degree of professional skill, care, and diligence to preserve the life of babies born alive after a failed abortion as a diligent and conscientious healthcare provider would any other baby born alive at the same gestational age.

Updating Revenue Estimates: On Thursday, April 20th, the Consensus Revenue Estimating Group (CREG), consisting of a representative from the Division of Budget, the Department of Revenue, Legislative Research, and economists from WSU, KSU & KU, will hold their biannual meeting to update revenue projections for Kansas. Those numbers will be used to build the final budget of the 2023 session.

The CREG will publish an economic forecast for Kansas by estimating future revenue from personal and corporate income taxes, agriculture production, oil and gas prices and production, sales, insurance premium, tobacco and alcohol tax collections, and interest rates. The task for the CREG is impossible, but they do the best they can with the information they have. Understandably, some years the estimates are low, while sometimes they’re high. For example, the estimates compiled last November are currently \$288.4 million less than actual collections to this point in FY ‘23. I, and some other legislators, prefer the state budget to be based on an average of actual collections for the past three years, but so far, the change hasn’t been made.

Tax Savings for Every Kansan: I was pleased to have a seat at the table as the Senate and House tax committees negotiated legislation, SB 169, to significantly (not as significantly as I wish) reduce taxes on Kansas families, senior citizens, and job creators. The tax cuts, contained in SB 169, will leave an estimated \$1.35 billion in the pockets of Kansas taxpayers over the next three years. That’s a yearly average of \$450 million.

Although I am proud of the mixture of tax cuts assembled in SB 169, the \$450 figure is still \$150 million less than the massive tax increase implemented by the 2017

Legislature, which has taken an average of more than \$600 million per year from taxpayers.

SB 169 provides property tax cuts, establishes a single income tax rate, implements a cost-of-living adjustment for the standard income tax deduction, accelerates the elimination of the sales tax on groceries, reduces corporate income taxes, and raises the cap on the social security income exemption.

I'll briefly elaborate on those six provisions.

Beginning this year, homeowners will see the state portion of their property taxes go down as the exempt amount of the appraised value of residential property subject to the statewide 20 mill school finance levy is raised from \$40,000 to \$60,000. There is a formula in place to provide for annual increases to the exemption based on the average increase in housing prices over the proceeding ten years.

The State income tax in 2024 will be set at a single rate of 5.15 percent. The amount of income totally exempt from income tax is increased to \$12,300 for married filing jointly and \$6,150 for all other individuals. Due to the increase in the exempt amount, every Kansas worker will receive a tax cut. Additionally, SB 169 provides for an annual cost-of-living increase in the standard deduction, tied to the IRS code in Section 1(f)(3) – providing future income tax reductions for Kansas families.

Elimination of the 6.5 percent state sales tax (but not local) on groceries is moved up from 2025 to the end of this year.

The corporate income tax rate for 2024 is lowered to 3.0 percent. The rate for 2024 was scheduled to be 3.5 percent.

Finally, SB 169 will, beginning this tax year, eliminate the state income tax cliff for social security benefits at \$75,000 of federal adjusted gross income and replace it with a linear transition formula from \$75,000 to \$100,000. Additionally, the bill provides for annual increases of \$5,000 in the transition formula – phasing out the state income tax on social security.

SB 169 passed both chambers by wide numbers. The Senate 24–13, with three republicans absent, and the House, with bipartisan support, 85–38.

Until next time, may the blessings of God be yours.

Virgil Peck
State Senator