

“ THE PECK PERSPECTIVE “

(From the Capitol)

February 20, 2023

On a Personal Note: CHIEFS WIN! CHIEFS WIN!! The Kansas City Chiefs winning a Super Bowl in 2023 does not come as a total shock to many in the Chiefs' Kingdom. However, just 11 short years ago (2012) when they had the worst record in the NFL, 2 wins and 14 losses, it was unthinkable.

I've been a Chiefs fan since 1968 and have now witnessed three Super Bowl victories for my team – 1970, 2020 and 2023. I bring this up to say not everything in life is fair. After the Super Bowl LVII victory, I sent a text to my son stating, "I had to wait 60 years to see two Super Bowl victories – 1970 & 2020. You only waited 43 years and the grandson only waited 18 years – 2020 & 2023." The 60, 43 and 18 are the age we were at the time we witnessed our second Chiefs' Super Bowl win. You may ask, "What's your point?" Well, continue reading.

Income Tax Savings For All (SB 169): Last week the Senate Tax Committee held a hearing on SB 169, legislation to establish a single income tax rate of 4.75% for all wage earners starting in 2024. I realize numbers can be difficult to follow, so I'll do my best to be concise. The current rates for married filing jointly are 3.1% for the first \$30,000 of Kansas taxable income (KTI), 5.25% for income from \$30,001 to \$60,000 and 5.7% for KTI over \$60,000.

In crafting SB 169, we were very careful to make certain no taxpayer, with the same KTI, would pay more in income taxes in 2024 than they do under the current plan. We accomplished this by totally exempting from state income tax the first \$5,225 of income for individuals and \$10,450 for married filing jointly. For example, a couple with a KTI of \$35,000 currently pays \$1,193 in state income taxes. Under the new plan, they would pay \$1,166. In SB 169, for each additional dollar they earn their tax burden would go lower and lower than under the current plan.

As a reminder, the 2017 legislature passed the largest tax increase in state history, including increasing taxes on those with very low incomes – \$2,500 for individuals and \$5,000 for married filing jointly – and they made it retroactive. That massive tax increase has taken over \$3.5 billion out of the pockets of hard-working Kansans and given it to the government to spend. That tax increase was wrong, and I'll continue working with other legislators to reduce taxes in Kansas.

Back to the fairness. As workers invest the time and energy to earn more and more income, they'll see a growing difference between what they pay under the current rates and the new single rate in SB 169. Some will say it's unfair that those who earn a higher salary will see greater tax savings. While it is true that the more a

person earns the greater their tax savings, passage of SB 169 will end the practice of punishing, or disincentivizing – by higher and higher tax rates – Kansans who work long and hard to improve their finances. SB 169 does nothing to change any current tax deduction.

There are nine states with no income tax and eleven states that have joined the Flat Tax or Single Rate Club. Two other states have already passed legislation that will move them to a single income tax rate – Georgia in 2024 and Iowa in 2026.

Population Declining in Kansas: One reason Kansas legislators need to make fundamental changes to our tax code is because, according to the Census Bureau, Kansas is one of 18 states to see a decline in population between July 2021 and July 2022. We were the only state in the region to experience a population loss. The closest state on the “declining” list is Illinois.

The numbers? Kansas had a net population loss of almost 800, Colorado and Oklahoma each grew by more than 28,000, Missouri added a little over 8,000 and Nebraska managed a growth of 4,000 persons.

I was born in Kansas and have lived here my whole life. It stresses me that my home state is not performing better. Sure, there are good things happening in Kansas, and I am grateful for them. But the fact remains, if we don’t think outside the box, make, or require some adjustments/changes, our schools will continue to see declining enrollment and lower test scores, businesses will choose other states to grow in and our conservative, rural lifestyle will continue to erode.

I realize that reducing tax rates will not fix everything, but it will be a positive step forward. With government spending continuing to increase – which needs to stop – and the population continuing to decrease, Kansas taxpayers are being asked to give a greater portion of their money to the State. That is a formula for disaster.

I am always open to suggestions of possibilities for improving our State. If you have thoughts or ideas, please reach out to me.

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

Virgil Peck
State Senator