

“ THE PECK PERSPECTIVE ”

(From the Capitol)

January 29, 2024

It's disappointing that Kansas' "middle of the road" governor, Laura Kelly, has once again vetoed legislation providing tax savings for Kansas families – the third time in two years. As mentioned last week, the tax-cutting legislation, HB 2284, would have reduced property taxes for **all** Kansas homeowners, saved money on sales taxes for **every** person who makes a purchase of grocery items, eliminate the income tax for **senior citizens** who draw social security, and increased the take-home pay of **anyone earning** income in Kansas. Also, as a reminder, the legislation had built-in inflationary increases in the standard deduction and personal exemption for the benefit of future income tax filers.

It's wrong that the Governor misinforms voters that the tax cuts in HB 2284 only benefit the wealthy. In her veto message, she said the cuts "give a break to those at the very top", implying that it does not benefit middle- and low-income Kansans. She also said she wants tax cuts that "ensure Kansans see tax relief immediately" and, benefits "all Kansans, not just the wealthy". Apparently, Governor Kelly failed to read HB 2284, since it provides immediate tax relief for all Kansans and eliminates income taxes for some 330,000 of the lowest income Kansans.

For Governor Kelly to say a single state income tax rate mostly benefits the wealthy is like saying eliminating the sales tax on groceries mostly benefits the wealthy. Since Kansas has a flat state sales tax rate (6.5%), the elimination of the sales tax on groceries should also be called a bigger benefit to the wealthy. Let me explain.

Two different families decide to fire up the grill and cook dinner. Dinner for an upper income family consists of four 10 oz. filet mignons (\$50), bacon-wrapped asparagus (\$6), a large baked potato each (\$4.50) and a strawberry cheesecake (\$11). The total meal cost is \$71.50. With no state sales tax, the tax saving is \$4.65. Dinner for the lower income family consists of two lbs. of hamburger (\$8.50), hamburger buns (\$1.60) a package of hotdogs (\$1.50), a bag of potato chips (\$6) and a cookie each (\$1.40). The total cost of the meal is \$19.00, and the sales tax savings is \$1.24. Which family saw the greater tax savings on their meal? The upper income family saved \$3.41 more on one meal than the lower income family ($\$4.65 - \$1.24 = \$3.41$). Take that \$3.41 sales tax savings times 350 meals and we see that the upper income family saw a tax savings of \$1,193.50 more than the low-income family. So, is it not true that the "wealthy" family saw a greater benefit from eliminating the sales tax on groceries than the low-income family?

The next step regarding HB 2284 is for the Legislature to consider an override of the governor's veto, which looks to be possible. We'll know this week if we can accomplish the override and allow Kansas taxpayers to see the tax cuts they need.

In addition to providing income tax relief for Kansas workers, Kansas needs to reduce its income tax if we wish to attract and retain residents. All our neighboring states have, or soon will have, lower income tax rates than Kansas. Currently Kansas' top income tax rate is 5.7% (which starts at \$60,000). Oklahoma is at 4.75%, Missouri 4.8%, Colorado 4.4%, and Nebraska will drop to 3.9% in 2026.

The final thing I'll say on this topic at this time is that the results of the survey I sent out show that of the 490 respondents, 56.7% support a single income tax rate in Kansas, while only 16.3% said "no" to the idea. The remaining 27% were undecided.

Agriculture news: The Agriculture and Natural Resources Committee I chair has received several reports from agriculture groups in Kansas. Although the 2023 drought caused serious issues for some crops in parts of the state, overall, the benefit of agriculture to the Kansas economy remains strong. In 2022, the last year we have the full results, agriculture products accounted for 39% of the Kansas exports – or \$5.46 billion.

The leading export item was meat (\$2.12 billion), followed by cereals (\$1.33 billion) and oil seed (\$683 million). The country we exported to the most was Mexico at \$2.17 billion, with Japan and Canada coming in a distant second and third with \$781 million and \$595 million respectively.

Not only is agriculture vital to the Kansas economy, but Kansas agriculture also plays an important role in the economy of the United States. Kansas ranked second, behind Texas, in total cropland acres. And our growers rank #1 nationally in the production of grain sorghum, #2 in wheat and silage sorghum, #3 in alfalfa hay, #5 in sunflower (non-oil) and #6 in canola, other hay (not alfalfa), and sunflower oil.

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

Virgil Peck
State Senator