

“ THE PECK PERSPECTIVE ”

(From the Capitol)

April 8, 2024

After long workdays (one over 13 hrs. & another nearly 17 hrs.), contentious debate, skipped meals, successful (& failed) negotiations, failed and successful votes on legislation, and political posturing, the Kansas Legislature reached “First Adjournment” at around 2:30 a.m. on Saturday, April 6th. Like it or not, all those things are a part of the process. Not an appealing process, but they hopefully lead to successes for Kansas citizens. Of course, success or failure is subject to the opinion of each person.

In the days leading up to first adjournment, the Legislature sent a slew of bills to the Governor. Some likely face a veto, but most will be approved by the Governor. The full Legislature will reconvene on April 29th to consider motions to override any vetoes and make final votes on yet-to-be-decided topics.

A few of the bills that passed include a ridiculous state budget that increases spending by \$423 million (more on that in another writing), legislation to help secure elections in Kansas, designating some highways (named in honor of a person or group), authorizing several new vehicle license plates (including KC Chiefs & Royals), stiffer penalties for violating some Kansas laws, and tax cut legislation – the focus of this *Perspective*.

For a bill to be sent to the Governor for a signature, veto or to become law without a signature, it must pass both the Senate and House with the exact same wording. That can be a challenge and is frequently only accomplished during the conference committee process. The primary purpose of conference committees is for conferees (3 Senators and 3 from the House) to work on compromise language between Senate and House versions of a bill. After negotiations, a Conference Committee Report (CCR) is written and presented to both chambers for an up or down vote. Most of the time a CCR passes, but there are no guarantees.

Cutting Taxes (HB 2036): As vice-chair of the Senate Tax Committee, I was privileged to have an intimate role in crafting the tax plans that passed in the final days prior to the legislature’s 3-week break. The one most talked about, HB 2036, provides significant saving for all taxpayers. The tax cuts start in 2024 and are estimated to allow Kansas taxpayers to keep \$636 million in fiscal year 2025 and \$460 million per year going forward.

The provisions in HB 2036 are: accelerate the elimination of the sales tax on groceries from January 1, 2025 to July 1, 2024; eliminate the state income tax on social security for all recipients – not just those making less than \$75,000; reducing the

property taxes assessed by the state for K-12 funding to 19.5 mills and increasing the residential exemption from the current \$42,000 to \$100,000; taking Kansas from the current three income tax brackets (3.1%, 5.25% & 5.7%) to just two brackets by eliminating the bottom rate and reducing the middle rate to 5.15% and the top rate to 5.55%; significantly increasing the personal exemption to \$9,160 for single filers, \$18,300 for married filing jointly and \$2,320 for each dependent; increasing the standard deduction to \$3,605 for single filers and \$6,180 for married; abolishing the Local Ad Valorem Tax Reduction Fund (hasn't been funded in over 20 yrs.) and the County and City Revenue Sharing Fund (also not funded in over 20 yrs.); and reduce the privilege tax charged to financial institutions.

More Tax Cuts (HB 2098): Another tax cut bill, HB 2098, includes several tax cuts – but not nearly as significant as HB 2036. One provision changes the amount of sales tax collected on the private sale of vehicles. Effective January 1, 2025, the sales tax paid on the purchase of a new or used automobile will only be the difference between the purchase price and the selling price of another vehicle already owned by the purchaser. To qualify for the tax savings, the transactions must occur within 120 days of each other, and the buyer and seller must complete a bill of sale signed by both parties – preferably a Department of Revenue TR-312. If the purchased vehicle price is less than the price of the vehicle sold, there will be no sales tax (or refund) due. Currently the sales tax deduction of the value of one vehicle is only allowed when purchasing a vehicle from a dealer.

Another provision, in HB 2098 is, starting January 1, 2025, when a purchaser uses a manufacturers or distributors coupon, the sales tax will be charged on the amount actually paid for such item. This provision would have been more beneficial prior to eliminating the sales tax on groceries, but it still provides tax savings on other items.

The final thing I'll mention regarding HB 2098 is something I've been pushing for several years. The bill provides, starting July 1, 2026, a sales tax exemption for items purchased by or on behalf of veterans living in Kansas who have been honorably discharged and have a 100%, total, or unemployable disability, as determine by the US Department of Veterans Affairs. Purchases of vehicles, alcohol, tobacco, and vaping products will not be tax exempt.

Although I'm pleased by the passage of the disabled veterans sales tax exemption, I wanted the benefit to start much sooner. But I'll take what I can get for now.

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

Virgil Peck
State Senator