

“ THE PECK PERSPECTIVE ”

(From the Capitol)

March 18, 2024

If you are a properly registered Republican or Democrat, remember, Tuesday, March 19th is the day you can vote in the presidential preference primary. Polls will be open the regular hours, from 7:00 a.m. to 7:00 p.m. Although I didn't support the \$4.7 million price tag to taxpayers, the election will take place, so I encourage everyone to take the opportunity to vote.

Debate in the Senate last week was intense and long. Wednesday we worked on the state budget, SB 514, and Thursday was "tax day", where we handled ten different tax bills. As vice-chair, I was responsible for leading the debate on four of the bills.

Passing a State Budget (SB 514): The legislature has a constitutional duty to pass a balanced budget every session, and every year I am optimistic that a decision will be made that the current year approved spending is sufficient, and no spending increase is needed. However, every year I am disappointed. I understand minor tweaks will be necessary – a little more here, a little less there – but that's never been the case. Government agencies always find places to spend taxpayer money.

Total spending for FY '24, which includes fees funds and federal tax dollars, is \$25.3 billion, while state general fund (SGF) expenditures (Kansas tax dollars) are \$9.9 billion. The \$9.9 billion SGF is \$1.2 billion more than the actual FY '23 expenditures.

For the following fiscal year, 2025, the total approved spending dropped a little to \$25.1 billion. However, the portion the Kansas Legislature can best control, the SGF, went up by another \$331 million to \$10.2 billion. I voiced my displeasure and voted no, but SB 514 passed 24–15, with bipartisan support and bipartisan opposition.

Good Tax Legislation (SB 60, HB 2036 & SB 539): With my motto of "putting taxpayers first", I voted yes to all ten pieces of tax legislation because, if passed, they will all provide tax savings to Kansas taxpayers. Space does not allow for detailing all ten, so I'll just mention what I see as the best three.

As it hit the Senate floor, SB 60 contained four sales tax exemptions: purchases for maintenance and construction of buildings at the Kansas school for the deaf and the school for the blind; custom butchering services when the meat is furnished and consumed by the customer; and purchases on behalf of Johnson County Christmas Bureau Association, and for Doorstep, Inc., which provides emergency aid for families in need. By the end of the debate, amendments added four additional exemptions.

I offered the first amendment, which will establish a 4-day back-to-school sales tax holiday (exemption) each August for clothing, school supplies and computers or

computer peripheral devices. After explaining the amendment and answering questions, my amendment was adopted. If passed by the House, parents and grandparents will save money when preparing to send children back to school each Fall. This is the first time in the past 20 years I have seen the Senate pass a back-to-school sales tax holiday – the House has passed it several times over the years.

The other amendments provide a sales tax exemption for Exploration Place, Inc. in Wichita, the Kansas Children's Discovery Center, Inc. in Topeka, feminine hygiene products and child and adult diapers. SB 60 passed 38–2 and now heads to the House where we'll see if the House likes it as is or amends it.

The next tax bill, HB 2036, is one I've pushed for several years and am thrilled by its passage in the Senate. HB 2036 provides disabled military veterans, classified as 50% or greater disabled due to their military service, with a sales tax exemption when they purchase items for personal use. Alcohol, tobacco, electronic cigarettes, and motor vehicles are excluded from the tax exemption. The disabled veteran must apply to the State for an exemption number/card to show merchants when making purchases. The surviving spouse of a qualified veteran will continue to receive the benefit after the death of the veteran.

The final tax bill, SB 539, is one I didn't know if we would see again this session. As everyone is aware, Governor Kelly has vetoed several tax reduction bills over the past few years, including HB 2284 this session. SB 539 has many of the same components as HB 2284, but contrary to what some will falsely claim, SB 539 does not favor the wealthy. As a matter of fact, it greatly favors low- and middle-income Kansans while allowing every Kansas family to keep more of their hard-earned money.

SB 539 reduces property taxes by increasing the exemption for the state-wide 20 mills from 42,000 to 100,000, eliminates the state income tax on social security, advances elimination of the grocery sales tax to July 1, 2024, eliminates the lower two income tax rates, 3.1% & 5.25%, leaving only the top rate of 5.7%. SB 539 significantly increases the personal exemption for income tax filers from the current \$2,250 per person to \$22,000 for a married couple, \$11,000 for other filers and \$3,000 for each dependent. The deductions adjust upward each year for inflation.

During debate on SB 539, some received an education when the Democrat Leader, Dinah Sykes, offered an amendment. The Sykes amendment left the three tax brackets in place but lowered each by one-tenth of a point (.10). Taking them from 3.1% to 3.0%, from 5.25% to 5.15% and from 5.7% to 5.6%.

Compared to current law, the Sykes amendment would save a family of four, with an income of \$40,000, a total of \$114. Using the same comparison (current law vs. the Sykes Amendment), a family of four with an income of \$500,000 would save \$652 – giving the upper income family \$538 more in tax savings. Talk about benefiting the wealthy more than the middle or low income. The Sykes amendment failed 14–26. All 11 democrats and three republicans voted yes.

Using the same scenario for SB 539, reveals a savings of \$459 for the \$40,000 family and the \$500,000 income family saves \$218, providing the lower income family more than double the tax savings.

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

Virgil Peck
State Senator