

“ THE PECK PERSPECTIVE ”

(From the Capitol)

January 22, 2024

Last week I mentioned that the 2024 Legislature got off to a fast start by taking the unusual step of considering a substantive issue on the opening day of session. As a reminder, the Senate and House both passed concurrent resolutions condemning the October 7 attacks on the State of Israel and reaffirming Kansas' support and cooperation with Israel.

The fast-start trend continued during the second week as both chambers passed robust and sustainable tax cuts contained in the Conference Committee Report on HB 2284. As a member of the Senate Conference Committee, I am pleased with this compromise bill. HB 2284 is not perfect – I've never seen a "perfect" tax bill – but it provides real and long-lasting tax relief for every person who lives, works, or spends money in Kansas.

HB 2284 first passed the Senate 25–11 and then went to the House where it passed 81–37. We'll soon know if our "middle of the road" governor (as she likes to call herself) signs the bill, allows it to become law without her signature or vetoes it. A veto will once again deny Kansas retirees, homeowners, and families living paycheck-to-paycheck the opportunity to save money on income taxes, property taxes and sales tax.

Provisions in HB 2284 include: elimination of the state income taxes on Social Security; exempt the first \$100,000 of a homes' appraised value from the statewide 20-mill property tax; simplify the income tax code via a dual-rate structure that exempts the first \$6,150 of income for single filers and \$12,300 for married filing jointly and establishes a 5.25% rate on income above those figures; increases the dependent exemption from \$2,250 to \$2,300 per person; and accelerates the elimination of the state sales tax on food to April 1, 2024.

Additionally, HB 2284 inserts several inflation-busting elements, creating a built-in weapon against rising prices to ensure the benefits never diminish. Thereby establishing an economic environment for long-term and sustainable economic growth in Kansas.

What are the "inflation-busting elements"? Both the standard deduction and personal exemption automatically adjust upward by the rate of inflation starting in 2025. The same goes for the \$100,000 property tax exemption, which will automatically adjust upward each year.

Why is it important for Kansas taxes to be reduced? In addition to allowing taxpayers to keep more of their own money, we must stop the exodus of residents

leaving Kansas for other states with lower taxes. Kansas currently ranks 8th in the number of citizens leaving the state (1 is high, 50 is low). A lower tax structure makes us more competitive and encourages people and businesses to stay in, or come to, Kansas.

The only barrier to significant tax relief in Kansas is the signature of the Governor. Kansas retirees are now just a signature away from all Social Security being tax-free. Homeowners are just a signature away from seeing their property taxes reduced. Workers are just a signature away from seeing their paychecks grow and their grocery bills shrink. And, all Kansas residents are just one signature away from enjoying a taxpayer-friendly, simplified tax code with built-in tools to combat inflation.

As always, there are detractors of the benefits in HB 2284. Some will say going to a dual-rate income tax system (zero and 5.25%) only benefits the wealthy. It's important to remember that currently the highest income tax bracket in Kansas begins at \$30,000 for single filers and \$60,000 for married filing jointly – not wealthy by any means. The tax rate for individuals making \$30,000 or more would drop from 5.7% to 5.25%, a direct benefit to middle class families. Additionally, over 330,000 Kansas workers will see their state income tax liability eliminated.

Having just one income tax rate will make Kansas more competitive with other states and help keep more Kansans in Kansas. For generations Kansas has had a single rate for sales and property taxes. If a single-rate tax concept is OK for sales and property tax, why is it not also OK for income tax?

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

Virgil Peck
State Senator