

The “Flat Tax”: Simple Doesn’t Mean Smart

April 2023

The state has seen increased revenue in recent years, with the state budget including millions of dollars in surplus revenue. The temporary, higher receipts have led to several tax cut proposals.

Some politicians and special business interest groups are proposing to use lingering budget surpluses to tilt the tax code even further in their favor. One of these proposals would “flatten” Kansas’ income tax.

The driving tenet is to eliminate the state’s graduated income tax structure (which currently divides Kansans into three income tax brackets, with the highest income tax rate for the highest-income Kansans) and replace it with one “flat” rate. **The newest proposal has over a \$1.3 billion price tag in the first three years, while child care, health care, and special education continue to remain underfunded.**

Most flat tax proposals create far more problems than they solve. A flat tax would result in large tax cuts for the highest-income Kansans while failing to generate the revenue needed to prepare for a coming recession.

Currently, there are three individual income tax brackets in Kansas. The top bracket applies to income of \$30,000 (single filers) or \$60,000 (married filers) or more. This means a single filer preschool teacher, who makes an average annual salary of \$40,590, is taxed at the same rate (5.7 percent) as someone making \$1 million a year.

Year	Tax Bracket (Single Filers)	Tax Rate
2012 (Pre-Brownback Plan)	\$0 - \$15,000	3.50%
	\$15,001 - \$30,000	6.25%
	\$30,001 and up	6.45%
2015-2016 (Brownback Plan)	\$5,000 - \$15,000	2.70%
	\$15,001 and up	4.60%
2018-now (Post-Brownback Plan)	\$0 - \$15,000	3.10%
	\$15,001 - \$30,000	5.25%
	\$30,001 and up	5.70%
2023 (House Sub. for SB 169)	\$0 - \$6,150	0.00%
	\$6,151 and up	5.15%

The proposed 5.15 percent flat tax proposal in House Sub. for SB 169 has an exemption for the first \$6,150 (single filers) and \$12,300 (married filing jointly filers).

While all Kansas taxpayers would see an income tax cut under the proposed flat tax structure, it is by far the highest-income Kansans who would benefit the most.

The top 1 percent would receive an overall average tax cut of nearly \$8,518 under the bill, while lower-income Kansans would receive less than \$119. **In total, more than half of all the tax savings would apply to the top 20 percent of Kansas taxpayers.**

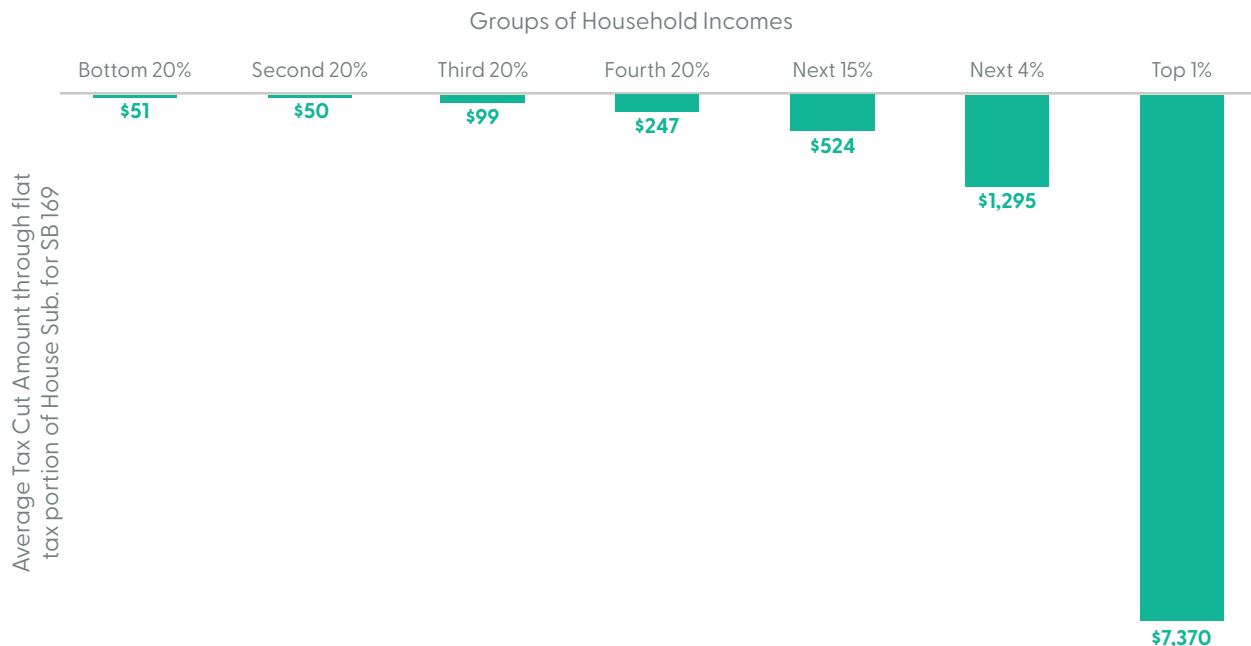
For low-income Kansans, the majority of the tax cut comes from the elimination of the state-level sales tax on food component, which is already in motion to be eliminated with or without the legislation passing.

The proposal's significant revenue-reducing cost creates an environment where other tax increases (property, sales, and excise) might

need to be implemented to make up for the declining income tax contributions, which could very well cost low- and middle-income Kansans far more than the tax cuts they would receive from the flat tax proposal.

Lawmakers must champion tax reform that strengthens Kansas' ability to invest in the future, especially with the looming possibility of a recession. A flat tax will limit the state's ability to provide crucial programs and services. It equates to yet another tax break for Kansans with the most financial resources, and the giant price tag jeopardizes investments in schools, roads, and public health and safety that build a strong Kansas economy.

In a Flat Tax System, Higher-income Kansans Benefit the Most



Source: ITEP Analysis of House Sub. for SB 169



Kansas Action for Children is a nonprofit advocacy organization working to make Kansas a place where every child has the opportunity to grow up healthy and thrive. We work across the political spectrum to improve the lives of Kansas children through bipartisan advocacy, partnership, and information-sharing on key issues.