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Sam Brownback, Governor

Governor announces a plan that continues tax relief to Kansans

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TOPEKA – Governor Sam Brownback today unveiled a tax proposal that continues to provide tax relief to hard-working Kansans, is fiscally responsible and creates a strong budget foundation for the future.

The proposal reflects the Governor’s commitment to transition Kansas revenue sources from income tax to consumption taxes, which are more reliable and predictable. The proposal builds on prior tax rate reductions that have put \$730 million back into Kansas taxpayer’s pockets in just the first year.

“As I have said before, we will continue to reduce the income tax burden on our families and reward productivity,” said Governor Brownback. “Transitioning to consumption taxes allows Kansans more freedom to determine their spending and reinforce the principle that the family budget is more important than the government budget.”

Tax rates for both income brackets will be reduced under the proposal, with the lowest bracket dropping to 2.66 percent on Jan. 1, 2016, putting \$11.7 million in the hands of Kansans. Further income tax rate reductions will be tied directly to the growth of state tax receipts and will go into effect when those receipts exceed 103 percent of the previous fiscal year’s receipts.

The rate reductions will be coupled with the creation of a budget stabilization fund that uses money when tax receipts grow between 102 and 103 percent more than the year prior. The fund will continue to grow until it is maintained at a 5 percent cap of expenditures.

The plan also provides for a budget stabilization fund, which will provide a fiscally responsible foundation for the future. As the state’s economy grows, tax receipts between 102 and 103 percent above the prior year automatically will go to a budget stabilization fund, until it reaches 5 percent of expenditures.

The budget stabilization fund will provide a good budget foundation for the future and is fiscally responsible.

The tax proposal maintains the Governor’s focus on reducing productivity taxes and transitioning to the more predictable consumption tax sources. Under the proposal, cigarette taxes, which were last increased 12 years ago, will increase from 79 cents to \$2.29 per pack. Tobacco products, which have not changed in 43 years, will increase from 10 percent of the wholesale price to 25 percent of the wholesale price.

The liquor enforcement tax, which has not changed in 32 years, would increase to 12 percent from the current 8 percent.

The state also will offer a tax amnesty program which could net \$30 million based on similar programs conducted in previous years.