

Testimony SB179

Thank you, Chairman Tyson and committee members, for the opportunity to appear before you today. This past summer I received the following concern from one of my constituents:

Until 2017, I had filed an individual tax return for five years. My marriage in late 2017 enabled us to file joint federal and Kansas returns.

On the federal return, up to 85% of social security receipts is included in adjusted gross income (AGI) and is taxable income (subject to deductions and exemptions).

Before my marriage, the social security included in AGI on the federal return could be used to reduce AGI on the Kansas return. This meant Kansas did not collect income tax on 85% of my social security receipts. If Kansas AGI exceeded \$75,000, Kansas collected income tax on 85% of Social Security receipts by not allowing the reduction described above.

After my marriage, I lost the reduction because my wife and I together had to include two social security receipts on the federal return, which put us over the \$75,000 cap under Kansas law. This resulted in the loss of a \$45,000 reduction of Kansas AGI, which substantially increased our Kansas income tax. In fact, our Kansas tax was about half of our federal tax. Kansas collected tax on 85% of the Social Security receipts we received in 2017.

I suggest the cap should be \$150,000 for a married couple, each of whom receives Social Security benefits. Otherwise, Kansas is imposing a marriage penalty.

The contributions to Social Security are paid with after-tax dollars when working. When retired, up to 85% of Social Security receipts are taxed by the federal government and Kansas. Not fair to seniors!

Jim Duncan

In response to his concern, I asked for legislation to be drafted to fix this “marriage penalty” that found its way into our tax code. I would appreciate your support on this legislation.

Senator Barbara Bollier, MD