



KANSAS NATIONAL EDUCATION ASSOCIATION / 715 SW 10TH AVENUE / TOPEKA, KANSAS 66612-1686

Mark Desetti, KNEA
Written testimony; Senate Bill 22
Senate Select Committee on Federal Tax Code Implementation
January 29, 2019

Madame Chair, members of the committee, thank you for the opportunity to present written testimony on Senate Bill 22. Currently, the Kansas National Education Association holds a neutral position on this bill.

We fully understand the concerns that this bill intends to address but we believe that the Legislature needs to approach this issue in a more deliberate and thoughtful manner than to work with such urgency.

The impact of this bill, if passed, on the Kansas budget is not clear at this time. The Legislature has been unable to determine with precision the fiscal note of simply decoupling the Kansas income tax code from the federal tax code. What we know is that there are two consequences to the state should you choose to decouple. The first is the loss of revenue to the state – a fiscal note that appears to have a wide range and cannot yet be determined with any sense of accuracy. The second is the fiscal impact on the Department of Revenue.

Currently the Department of Revenue relies on the IRS to flag problems with tax returns. This in turn would flag the state return for KDOR. Should the state decouple from the federal code, the KDOR will have to hire additional personnel to handle the level of review and scrutiny necessary to ensure that tax returns are accurate and correct. Decoupling will result in less revenue to the state and a higher cost to the Department.

It has also been noted that there are ways to address the issue without decoupling. Two that have been suggested are to change the Kansas standard deduction or to adjust the brackets. We would point out that there are no fiscal notes that we have seen to these proposals and that would have to be part of your discussion. We believe that these alternatives should be thoroughly explored.

Finally, we would suggest that rushed tax policy changes without a full exploration of the consequences – both positive and negative – does not always result in positive changes for Kansas. Tax changes adopted quickly in 2012 without thorough vetting and based solely on promises and assertions turned out to be disastrous for the state and resulted in dramatic cuts to services and two sales tax increases before being reversed in 2017.

We would urge the committee to take the time to thoroughly explore this issue, develop accurate fiscal notes, and consider alternative options before taking action.