

February 7, 2022

HB 2572 Proponent Testimony
House Taxation Committee
Kansas State Capitol
Topeka, KS 66612

Subject: HB 2572 Computing income tax rates through the use of formulas

Chairman Smith and Taxation Committee Members:

I appreciate this opportunity to provide my proponent testimony on HB 2572 that suggests the use of the simplified tax brackets to replace the existing Kansas three tax brackets, six taxable income ranges, forty-eight formulas, twenty-two pages of the Withholding Tables, and eight pages of the Tax Table.

The simplified method at <http://taxsimplecenter.net/publication.html> have been developed and published. The first part of represents the existing tax formula to cover the taxable income over \$50,000. The second part is a linear setting, which is the most effective way to match and simplify the existing 6 taxable income ranges and 48 calculations. The existing 3.1%-5.7% is suggested to be reduced to 3%-5.7% for neutral tax revenue. HB 2572 Fiscal Note shows very small tax revenue gain. The new bill could have several benefits for Kansas such as:

1. If Kansas tax can adopt two tax brackets to replace the current 3-8 tax brackets (1950-2020), the lawmakers can simplify tax forms for taxpayers.
2. New simplified status number (2 or 1) and filing period could be applied with the simplified calculations to replace the current forty-eight complex withholding calculations for businesses.
3. The simplified tax brackets can be used to match and replace existing twenty-two page Withholding Tables and eight-page Tax Tables to increase the efficiency of the calculations. The Tax Table or its calculation may be reduced to one step. The complex two tables are usually published about thirteen months apart. The withholding taxes are estimated first, then the tax returns will be recalculated for the final amounts.
4. The Department of Revenue can also use the simplified brackets for tax calculations, analysis, fiscal notes, and projections instead of the current six tax brackets.
5. A checking tool for tax rates has also been developed to reduce the calculation errors.

If you have any questions, please let me know. We can discuss for Kansas tax simplification. Hope the proposed two tax brackets with HB 2572 can benefit Kansas businesses, taxpayers, Department of Revenue, and lawmakers.

Sincerely,

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