

Governor Proposes Sweeping Changes In State of the State

Governor Sam Brownback on Wednesday proposed sweeping changes in the Kansas income tax code to cut individual income tax rates and help thousands of small businesses, but his plan also would eliminate credits and cancel a scheduled decrease in the state sales tax.

The Republican governor said in his annual State of the State address that he wants to "turn Kansas into an incubator for innovation and entrepreneurial success." His administration has been hinting for months that major tax proposals were coming, and his speech to a joint session of the Legislature provided them with their first details(Play Audio 13 secs)

Brownback wants to collapse the state's three individual income tax brackets into two and give the state the second-lowest top tax rate in the region.

He also would eliminate the individual income taxes on business income reported by the operators of limited-liability corporations and sole proprietorships on their taxes, a change that will affect about 191,000 business tax filers annually. But the governor did not propose any change in corporate income tax rates.

To offset his proposed reductions, Brownback would make permanent a 2010 sales tax increase that is set to decrease on July 1, 2013. Instead of falling to 5.7 percent, the rate would remain at 6.3 percent.

Brownback also asked legislators to limit future government spending growth, while earmarking all excess revenue to reducing state tax rates(Play Audio 13 secs)

House Minority Leader Paul Davis, of Lawrence, delivered the Democrats response to the speech(Play Audio 13 secs)

Davis added that in considering tax cuts, reducing property taxes should be the state's first priority because they've increased 65 percent over the past decades.

Democrats have already unveiled a plan to dedicate part of the future growth in state revenues to property tax relief and part of it to aid to public schools.