

**Governor Laura Kelly Remarks as Prepared — Tax Press Conference
January 8, 2024**

Good morning. Thank you all for being here today.

The legislature gavel in later this afternoon, and before it does that, I – along with Senators Doll, Pyle, Olson, and Sykes – want to let Kansans know: We’re going to put money back in your pockets this year.

And we’re going to do it in a fiscally responsible, targeted, and sustainable way.

We’re not a likely group – I don’t think anyone had this team on their 2024 predictions list – but here we are, united in our desire to cut taxes for every single Kansan, not just a few at the top. And, we are committed to continuing progress on all the other issues we care about – our schools, our roads, our foster care system, public safety.

Now we all expect that this session there will be another tax proposal out there -- the “flat tax,” where everyone pays at the same rate regardless of income or ability to pay.

Let me be clear: the flat tax is a nonstarter.

The people who would benefit most from the flat tax, by far, are those making more than \$250,000 a year. Any Kansan making less than that would see miniscule relief.

Across the country, there is no evidence to suggest that a flat tax does anything to drive economic growth or reduce unemployment. States that have experimented with that type of regressive tax, often with disastrous results.

Arizona, for example, went from a projected budget surplus to a more than \$400 million deficit in the last year. Economic experts say that plummet is being driven by the flat tax that Arizona fully implemented in 2023.

We’re not going to do that in Kansas. We’ve been down that road before, with the Brownback tax experiment—and we all know how that turned out. I refuse to take us back to the days of four-day school weeks, crumbling roads and bridges, and crippling debt.

Since the legislature repealed the Brownback tax experiment in 2017 and restored the proverbial “three-legged stool,” we’ve balanced the budget, we’ve fully funded our schools for five straight years. We’ve closed the Bank of KDOT, we’ve have seen record-breaking business investment, and we are leading the nation in economic growth.

Implementing a flat tax would put all of that progress in jeopardy. Over time, it would drive us right back into the ditch—and rely on money taken directly from our infrastructure, our public schools, and our housing and workforce efforts to foot the bill.

What we are proposing today is an alternative plan. One that maintains the “three-legged stool” approach and that will result in over \$1 billion going back into the pockets of hard-working Kansas taxpayers over the next three years.

This is a comprehensive tax cut plan that offers something for Kansans of all walks, and at all stages, of life.

It includes eliminating the tax on groceries now. Groceries are too expensive, plain and simple.

Because of the Axe the Food Tax legislation I signed in 2022, we’ve saved Kansans more than \$187 million so far. The sales tax on groceries recently went from 6.5 percent down to 4 percent, putting another \$150 million into Kansans’ pockets.

Our tax proposal will bring the tax on groceries down to zero as of April 1, rather than waiting until 2025.

And just so we’re keeping track -- the flat tax proposal doesn’t do that.

Second, Social Security taxes. Kansas is one of only 11 states in the country that imposes a state tax on Social Security benefits, which costs retirees millions of dollars every year.

Right now, Kansas retirees making less than \$75,000 per year do not pay state income tax on Social Security income. But once they earn even a single dollar more than \$75,000—the entirety of their Social Security income is subject to state tax.

This plan provides relief for Kansas retirees by eliminating all state taxes on Social Security income.

The flat tax doesn’t do that either.

Third, our proposal goes after the most despised tax of all: property taxes. We know that Kansans all across the state are being overwhelmed by property taxes.

This plan raises the residential exemption on the statewide property tax from \$42,000 to \$100,000. That provides around \$100 million in tax relief for Kansas homeowners every year. A significant number of Kansans will see almost their entire state property tax bill eliminated.

And, again: the flat tax doesn’t do that.

There are many other cuts outlined in this plan, from a back-to-school sales tax holiday on school supplies, to raising the standard deduction, to a tax credit that will make child care more affordable.

In short, this comprehensive tax plan will benefit all Kansans but particularly those in our working middle class.

The other plan doesn't. Rather, the flat tax benefits only a very small subset of Kansans, the super wealthy, while doing little to nothing for working Kansans.

We need to cut taxes. That much is clear. But we need to cut taxes in a way that's fiscally responsible, doesn't rely on one-time money, and targets the people who need it most—and is sustainable, and that doesn't threaten progress on all the other issues Kansans care about. The flat tax doesn't check any of those boxes.

The proposal we're putting forth today will enable us to help everyday Kansans by putting some of their hard-earned money back in their pockets.

And, it will allow us to sustain the momentum we need to continue our trajectory of economic success throughout 2024 and beyond.

We already have bipartisan support. Now, I am calling on others to join us in supporting this legislation and providing responsible, practical financial relief to families and individuals across our great state.

And with that, I'll hand it over to Senator Rob Olson.