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**Points of Emphasis – Discussion Points in Consideration  
of a State K-12 Education Surcharge**

**Broad Based Application**

1. Kansas Census - Estimate of Kansas population at July 1, 2016 - 2,907,289 persons
2. Number of Kansas Resident Taxpayers / Tax Year 2014 - 1,372,257 (2017 KDOR Annual Report at p.22)
3. Number of Electric Ratepayers in Kansas - 1,484,396 (Kansas Division of Budget / KCC / U S Energy Information Administration)
4. No exemptions - Everyone pays either \$6.75 per month (residential users) or \$30 per month (all others)

**Low Cost Compared to Alternatives**

1. \$2.25 per month (electric, natural gas, water) K-12 Education Surcharge = \$81 per year / 22.19¢ per day
2. \$10 per month (electric, natural gas, water) K-12 Education Surcharge = \$360 per year / 98.63¢ per day
3. \$2.25 per month on Residential use of electric, natural gas, and water / in dollar terms - equivalent to a 2.836% Kansas Sales Tax, far below the current 6.5% Kansas Sales Tax (43.6% of current 6.5% State Sales Tax)
4. Monthly Average Electric - \$125, Natural Gas - \$73, and Water - \$40 = Total \$238
5. A \$6.75 K-12 Education Surcharge on \$238 of purchases is equivalent to 2.836%

## **K-12 Education Surcharge versus a 26% increase in the Tax Bracket for Low Income Kansans**

1. Low Income Kansans - 3.5% Tax Bracket versus 2.7% Tax Bracket at \$30,000 Kansas Adjusted Gross Income = \$1,050 per year versus \$810 per year / \$240
2. Raising Kansas Tax Bracket for the lowest income Kansans, would increase yearly charge - - about triple the K-12 Education Surcharge / \$81 per year versus \$240 per year
3. 574,385 (41.85% of the Total) Kansas Resident Tax Filers have Kansas Adjusted Gross Income, \$25,000 or below, in Tax Year 2014. (2017 KDOR Annual Report, at p. 22)
4. A 25.92% increase in the Tax Bracket for the lowest income Kansans (2.7% versus 3.5%) is not the preferable option, and this income category can support K-12 Education for about one third (33.75%) of that amount (\$81 versus \$240 per year)

## **Certainty of State Income Stream**

1. K-12 Utility surcharge - is not subject to Internet Sales Tax Avoidance, not subject to variations in weather, and is much less subject to downturns in the economy - - a reliable source of continuing Kansas State Revenue

## **Summary - - Kansas State K-12 Education Surcharge on Utility Service**

- (1) The most broad based revenue source, for the most broad based State Service / K-12 Education.
- (2) The utility surcharge "matches" the K-12 expense to the K-12 revenue / it follows / tracks the population, which have children to educate.
- (3) The utility surcharge is very widely distributed throughout every part of the state, thus all of Kansas is supporting K-12 Education.
- (4) It is a surcharge - so everyone pays - no sales tax exemptions for anyone. Far more broadly based, than income tax, sales tax, or property tax.
- (5) A state level, 5 mills increase in Kansas property tax for K-12 Education would make the Kansas County Average Mill Levy equal to 141 Mills, place 71 out of 105 counties, with mill levies above 150 mills, 28 counties at above 170 mills, and 5 counties above 200 mills. An uneven, inequitable tax burden.
- (6) Low administrative collection, in that utilities currently collect and pay: county and city sales taxes, and city franchise fees.

Kansas Division of Budget  
Utility Services  
Customer Numbers  
Electric & Natural Gas – KCC  
Water – Division of Budget

Electric

Residential	-	1,231,830 Customers
Commercial	-	228,411 Customers
Industrial	-	24,155 Customers

Natural Gas

Residential	-	861,419 Customers
Commercial	-	86,034 Customers
Industrial	-	7,218 Customers

Water

Residential	-	1,231,830 Customers
Commercial	-	228,411 Customers
Industrial	-	24,155 Customers

Source Data: EIA (U.S. Energy Information Administration)  
Electricity customers as proxy for water customers