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State and Local Taxes

The relative balance in the big three sources of state and local tax revenue—sales, income, and property taxes—that Kansas had maintained for a number of years after the 1992 school finance law appears to have eroded since the late 1990s. (In FY 1992, prior to the implementation of that law, property and vehicle taxes comprised 38.7 percent of total state and local revenues; sales and use taxes, 22.7 percent; and income and privilege taxes, 21.1 percent.)

In FY 2016, property and vehicle taxes accounted for 36.3 percent of the total tax revenue; sales and use taxes, 31.5 percent; and income and privilege taxes, 19.4 percent.

As recently as FY 1998, the figures were more closely balanced: 30.9 percent for property and vehicles, 28.1 percent for sales and use, and 28.0 percent for income and privilege.

Economists generally believe that with a diversified revenue portfolio not relying too heavily on a single source, Kansas state and local governments are better able to withstand economic downturns.

The Governor's Tax Equity Task Force in 1995 agreed with this priniciple, concluding as a major tax policy objective that:

"The state and local tax system should be balanced and diversified. A diversified tax system offers a blend of economic tradeoffs. Because all revenue sources have their weaknesses, a balanced tax system will reduce the magnitude of problems caused by over reliance on a single tax source. It will also result in lower rates on each tax and reduce the pressure of competition from other states that have lower rates for a particular tax."