

Appendix A – Tax Structure Kansas

Following is a description of the applicable tax categories that will be calculated for the Goodwill Kansas model:

- Sales Tax

The State of Kansas imposes a retailer's sales tax that generally applies to three types of transactions: (1) The retail sale, rental, or lease of tangible personal property, (2) Charges for labor services and (3) The sale of admissions to places providing amusement. Exemptions include items such as aircraft sales, broadcasting equipment, drugs, farm machinery, food sold at non-profit organizations, medical supplies, railroad parts and other items described in statute. The sales tax rate as of July 1, 2010 for the State is 6.3%. Of the total state sales collections, 2.8% is earmarked for the Local Ad Valorem Tax Reduction Fund and 3.6% is distributed to the County and City Revenue Sharing Fund. The model takes these distributions into account.

Drinks containing alcoholic liquor are subject to the 8.0% Liquor Drink Tax rather than the sales tax.

Taxable sales result from the spending of direct, indirect and induced employees supported by the company. Based on data from the latest U.S. Consumer Expenditure Survey, the projected level of taxable spending and resulting sales tax receipts is calculated.

State sales taxes will also be collected from other sources.

- Local supplies and purchases.** A direct sales tax can be determined if the user inputs local supplies and purchases that are taxable and purchased within the state.
- Direct sales.** Direct taxable sales (if any) can also be input to provide the sales tax collections at the State level on the Fiscal Impact of Operations table.

- State Income Tax

The State of Kansas levies income tax on personal income of Kansas residents. The taxable income begins with federal adjusted gross income. The personal income tax rate varies from 3.5% for income less than \$15,000 to \$1,462.50 plus 6.45% of the amount over \$30,000 depending on income levels. The model uses the effective tax rates based on the federally adjusted gross income tables and is applied to the wages and earnings of direct, indirect and induced employment produced in the model.

- Cigarette Tax

The State of Kansas charges a cigarette tax in the amount of \$0.79 per package of 20 cigarettes or \$0.90 per package of 25 cigarettes. This tax is applied to the projected employee count in the model based on statistics from the Center of Disease Control that 17.9% of Kansas residents are smokers and smoke an average of 0.78 packs per day.



- Motor Fuel Tax

The State collects a motor vehicle fuel tax of \$0.24 per gallon. The tax revenue in the model is calculated based on the average vehicle traveling 15,000 miles per year at 20 miles per gallon. These factors are applied to the projected direct and indirect employee count supported by the company.

