

How Much More a Month Are Our Kids Worth to Improve Education?

Average Income	\$9,923	\$25,533	\$41,121	\$65,925	\$141,768
Income Tax Paid	(73)	183	876	1,979	5,803
Property Tax Cut	(530)	(732)	(1,000)	(1,448)	(2,483)
Total Deductions	--	(1)	(11)	(7)	(673)
Annual Cost	(603)	(55)	(135)	524	2647
Net Monthly Tax Cost	(-\$50)	(-\$46)	(-\$11)	\$44	\$220

A state personal income tax would largely solve the funding and equity problems for our school finance system and would be a fairer, broader-based tax than many other revenue options. For an example of how an income tax would work in Texas, the Kansas income tax rate was applied to the incomes of Texas families. The Kansas income tax was chosen because it is an "average" income tax: 26th in the nation both for income taxes per capita and state and local general revenue per capita. The rates for taxable income after exemptions and deductions are included in the chart below.

At these rates, a state income tax would raise \$34.6 billion in total revenue biennially. As required by the Texas Constitution, two-thirds of this revenue, or \$23.1 billion, would be returned to taxpayers through lower property taxes. This would effectively reduce maintenance and operation property taxes by 90 percent to approximately 15 cents. The remaining \$11.5 billion would be dedicated to education. The chart above shows the monthly cost to Texas taxpayers under this scenario. Because an income tax is progressive, most Texans would receive a tax cut. At the same time, an income tax would provide the opportunity to increase equity in school funding and improve education. The choice is simple: Invest in Kids, Invest in Our Future.