



Wichita Independent Business Association

THE VOICE OF INDEPENDENT BUSINESS

May 7, 2015

Testimony Before the House Taxation Committee

HB 2430

By Tim Witsman, President

Chairman Kleeb and members of the Committee:

The Wichita Independent Business Association/Kansas Independent Business Coalition represents hundreds of independent (not publicly held) businesses across the state. We oppose HB2430. We believe that this bill is inequitable, creates winners and losers and adds complexity to an already complex tax system.

WIBA members oppose this bill because businesses build their plans upon a tax structure with expectations that those will not change fundamentally for the duration of their investment. Some businesses have even changed their form of incorporation due to changes in Kansas law over the past three years. At the federal level, uncertainty over regulations has suppressed small business investment. One Federal Reserve Bank has estimated that uncertainty has reduced small business investment by 6%, which translates into roughly two million jobs.

The State of Kansas and its citizens need economic growth to alleviate the pressures on the state budget. Constant changes in rates and, more importantly, in how different forms of ownership will be taxed, reduces investment in a time where investment is needed.

In the limited time we have had to review this bill I received the following comments from a WIBA member:

"This will hit investors (real estate, oil & gas, etc.), small business owners with no employees and farmers with no employees. It also treats businesses differently. For example:

- If I net \$50,000 and have at least one full time employee all year my tax is \$1,350; if no employee it is \$1,730.*
- If I net \$100,000 and have at least one full time employee all year my tax is \$2,700; if no employee it is \$4,030.*
- The scenarios get worse the more profit you have.*

"This bill is not business friendly."

"If the State has determined to address its projected budget deficit with tax increases we strongly favor:

- Increases on broad based taxes, such as the sales tax, that do not create additional winners and losers.*
- Solutions that do not add to the complexity of the current tax code."*

Again, WIBA members oppose HB 2430 and feel that a simple, broad based tax plan would be superior to creating winners and losers and adding complexity to the current tax system. Please contact me if you have any questions or concerns.