

**House Committee on Taxation  
House Bill 2434  
Small Business Income Taxes  
Presented by Eric Stafford, Vice President of Government Affairs**



**Tuesday, May 19, 2015**

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to testify in opposition to House Bill 2434 which again rescinds the business tax cuts from 2012.

In December, the Kansas Chamber Board of Directors unanimously approved our 2015 Legislative Agenda which specifically states our position to “oppose any attempts to roll back the tax cuts of 2012 & 2013” and “reduce government spending instead of increasing the cost of doing business through tax increases.”

For the 11<sup>th</sup> year in a row, taxes remain the most important concern of business leaders across the state according to our annual Business Leaders poll. This poll is made up of 300 business leaders from across the state based on industry sector and geographic location to offer an accurate reflection of the business community in Kansas. The results from our December 2014 Business Leaders poll show 84% oppose increases in income tax rates.

HB 2434 exempts the first \$150,000 of business income for tax year 2015 and \$100,000 for 2016 and beyond. Just like HB 2430 which this committee heard in recent weeks, HB 2434 is retroactive in its application to the beginning of the 2015 tax year. This sends a terrible message to the business community in our state of an unpredictable and unstable tax climate.

As we pointed out in our testimony for HB 2430, Kansas has historically lagged our regional competitors in job growth. From 2000-2009, only 10 states had more OUT-migration of taxpayers than Kansas. Meanwhile, state government spending grew \$2 billion from 2003-2008.



*The Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium and large employers all across Kansas.*

The Wall Street Journal recently ran an article (*Seeded with Tax Cuts, Kansas Harvests the Benefits May 15, 2015*) highlighting many of the economic successes from our state the last two years. While it is impossible to prove causation of the tax cuts spurring economic growth, one statistic from the article which has previously been reported is this:

*From 1998-2012, Kansas private sector job growth ranked 38<sup>th</sup> in the nation, but in 2013 and 2014, the state ranked 27 and 21 respectively.*

The fact that from 1998-2012, a period which includes both significant economic growth and recession periods, Kansas was stagnant in its private sector job growth, and in 2013 and 2014 Kansas showed significant signs of private sector strength in our economy, something changed. We strongly believe that growth can be attributed to the tax cuts of 2012.

In closing, HB 2434 is not the right approach for the state and we encourage you to remain committed to the “March to Zero” for all Kansans. Thank you again for the opportunity to testify in opposition to HB 2434 and I am happy to answer any questions at the appropriate time.