



May 19, 2015

Testimony in Opposition of HB 2434

Mr. Chair and members of the Committee:

On behalf of Americans for Prosperity, thank you for this opportunity to voice our opposition to HB 2434. This bill would reverse the progress that Kansas has made toward reducing the income tax burden on Kansas families and businesses.

The 2012 tax reform measures were originally proposed in the Kansas Senate. In 2012, the Kansas Senate voted 29-11 in favor of reducing the income tax. The bill went to the Kansas House for passage on a 64-59 vote and was signed by the Governor.

The reduction in state revenues from the small business tax changes was originally projected at \$165 million, and is now estimated at \$210 million¹. The difference of \$45 million is not the cause of a possible \$400 million difference between the possible, but not yet passed, budget for FY2016 and the expected revenues for FY2016. Rather, the expected shortfall is the result of increased state spending for the first three years after tax reform coupled with lower than anticipated energy and commodity prices.

Kansas has added thousands of new businesses, and tens of thousands of new jobs. However, the full effects of the reduction of Kansas income tax rates and rules for LLC and S Corps will take more than 26 months to be fully realized. The current cuts are benefitting Kansas families and businesses, but in order for this to truly be a success, Kansas leaders must continue the progress made by the 2012 tax reform package.

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¹ <http://www.cnbc.com/id/102659501>