

Keith J Shuttleworth  
5430 W. 131<sup>st</sup>  
Overland Park, KS 66209  
913-481-8007  
keith@shuttlelaw.com

Phyllis Fast  
Secretary  
Kansas House Taxation Committee  
[phyllis.fast@house.ks.gov](mailto:phyllis.fast@house.ks.gov)

Re: **HOUSE BILL 2444**

Dear Ms. Fast:

I am submitting this testimony in support of HB2444. Please provide this testimony to the members of the committee.

TESTMONY IN SUPPORT OF HB2444  
HOUSE TAXATION COMMITTEE  
MARCH 15, 2016

Chairman Kleeb and members of the Committee, thank you for the opportunity to provide testimony in support of HB2444. My name is Keith Shuttleworth. I'm from Overland Park, Kansas, and I own the Shuttleworth Law Firm, LLC, which is also located in Overland Park. I am a solo practitioner and have two employees.

As a business owner, I have benefitted from the 2012 tax plan. Everyone likes lower taxes, but it appears that these cuts have gone too far, too fast. They put our state's overall financial condition at risk, threatening our highways, schools and universities, and other quality of life amenities that make Kansas a great place to live, work and raise a family. Knowing the excellent education my sons received in the Blue Valley public school system, I am troubled to think that the tax plan has jeopardized public school funding.

HB2444 offers two good policy ideas – a more balanced and fair tax structure that will provide adequate and consistent revenues and lower sales taxes on food.

The 2012 tax cuts resulted in 330,000 Kansas businesses paying no income taxes, a loss to the state of approximately \$250 million annually. Coupled with the reduction in individual income tax rates also passed, this has resulted in the state consistently falling short of its revenue estimates. In the first eight months of this fiscal year, revenues have hit the official estimates only once, falling approximately \$80

million short of those predictions, even though the 2015 legislature passed the largest tax increase in Kansas history by increasing its sales tax rate to 6.5%, one of the higher rates nationally. We are also seeing more pressure on property taxes as local units of government continue to work to maintain their services and try to take up the slack.

It is illogical and unfair that both of my employees pay more in state taxes than I do as the owner-operator of this business. I understood the tax plan was intended to bring new businesses into Kansas or cause existing businesses to increase hiring. Instead, I believe the unintended impact of the plan has been to decrease tax revenues by having existing Kansas businesses convert to tax-exempt entities.

The result has been that we have had to balance the state's budget using one-time funds, sweeping funds from revenue sources dedicated for other purposes, and increasing debt – not a sound, sustainable financial policy. I have serious concerns about how these actions will impact the State's infrastructure in the future.

With the 2015 sales tax increase, Kansas now has the highest state sales tax rate on food in the country. Not only does this represent a real and additional burden on the poor and elderly, but it also particularly impacts the economies of our border counties. This bill would lower the food sales tax rate to 2.6% at a cost of approximately \$66 million per each one cent reduction. This means that essentially all of the revenue generated by the reinstated business income tax would be used to pay for the sales tax cut – maybe too far, too fast again. Maybe a better idea is to begin an incremental lowering of the sales tax rate on food, possibly to 5% or 5.5%, leaving some of the “new” income tax revenue to fortify the state general fund and balance the budget.

I want to thank the Committee for considering this important change in tax policy that restores fairness across taxpayers and certainty to delivery of those core services that the people of Kansas value so highly.

Very truly yours,

/s/ Keith J Shuttleworth

Cc: Tom Robinett, Overland Park Chamber of Commerce, [trobinett@opchamber.org](mailto:trobinett@opchamber.org)  
Curtis Sneden , Topeka Chamber of Commerce, [csneden@topekachamber.org](mailto:csneden@topekachamber.org)