



**Testimony in Opposition to SB260
Before Senate Assessment & Taxation Committee**

**Mr. Daniel Murray, Kansas State Director
National Federation of Independent Business**

Thursday, March 12, 2015

On behalf of the National Federation of Independent Business (NFIB), thank you for the opportunity to submit testimony on SB260. NFIB is the state's leading small business organization representing small and independent businesses. A non-profit, nonpartisan organization founded in 1943, NFIB represents the consensus views of its over 4,200 members in Kansas.

The NFIB opposes SB260, which will increase income taxes on Kansas job creators by an estimated \$115 million over the next two years. The bill reverses course on the state's promise to reduce and eliminate income taxes on individuals and small businesses. It will inject uncertainty and complexity into small business operations and remove vital investment dollars from the Kansas economy.

Listen, we understand there's no good solution to the budget problem, but there are better solutions and worse solutions. The worst solution of all would be rolling back the job-creating income tax cuts on small business; the very businesses that can least afford to pay them – the very businesses which are leading Kansas out of the depths of the Great Recession. SB260 is an abrogation of the plan to reduce and eliminate state income taxes, particularly on small businesses. Allowing small business owners to keep more of their money to reinvest in and grow their business is sound policy that is growing the Kansas economy.

Further, small businesses need tax simplicity and predictability. SB260 provides neither. In fact, the bill doubles down on tax code "mishmashery," which promises to create confusion and unneeded expense. Most small businesses lack or are unable to afford an in-house tax or finance department, forcing owners to handle the task of compliance or requiring expensive professional assistance from an outside accounting firm. SB260 means small businesses will spend more time and money on tax compliance and less time and money on creating jobs.

Finally, SB260 is an example of premature taxation. Before you ever—and we hope you won't—consider raising taxes on small business, we urge you to first find efficiencies and cut government spending. The legislature has yet to adopt a budget, let alone a serious budget that makes serious cuts. Thus, we think it's wholly inappropriate to consider this bill.

SB260 is bad tax policy, will increase small business costs, and is premature. We strongly urge you to oppose the bill.