

MINUTES OF THE HOUSE COMMITTEE ON TAXATION..

The meeting was called to order by Chairperson Phill Kline at 9:00 a.m. on February 24, 1998 in Room 519-S of the Capitol.

All members were present except: Rep. Powell
Rep. Shriver
Rep. Johnston
Rep. Krehbiel

Committee staff present: Chris Courtwright, Legislative Research Department
Tom Severn, Legislative Research Department
Don Hayward, Revisor of Statutes
Ann McMorris, Committee Secretary

Conferees appearing before the committee:
Rep. Carol Beggs
Hal Hudson, NFIB

Others attending: See attached list

Chair called for introduction of bill.

Moved by Representative Ruff, seconded by Representative Mays, introduction of bill to designate the Leavenworth holding prison as commercial property. Motion carried.

Chair opened hearing on:

HCR 5037 - Memorializing Congress to sunset IRS Code

Proponents

Rep. Carol Beggs

Rep. Beggs noted that Senator Brownback and Rep. Snowbarger were following this issue in Washington. This resolution is to bring focus on some of the flaws and disparities within our tax code as it now exists. This is an effort to promote restructure of the tax code and make it more user friendly.

Hal Hudson, NFIB (Attachment 1)

Closed hearing on **HCR 5037**.

The committee will be notified of next meeting date.

Adjournment.

Attachment - 1

LEGISLATIVE TESTIMONY

NFIB Kansas



Purpose: To influence public policy at the State and Federal level for the benefit of Small and Independent Business in America.

**Testimony of Hal Hudson, State Director
Kansas Chapter,
National Federation Of Independent Business
Before the
Kansas House Taxation Committee
on House Concurrent Resolution 5037
February 24, 1998**

Mr. Chairman and members of the Committee: Thank you for this opportunity to appear here today. My name is Hal Hudson, and I am here today representing the more than 7,000 small business owners of Kansas who are members of the National Federation of Independent Business.

The purpose of HCR 5037 is to send a message urging the U.S. Congress to Abolish the IRS Code as we know it, and to write a new tax code that is simple enough for all taxpayers to understand. Rather than recite all the goals of a new code, I urge you to read the resolution, beginning on line 43, page one through line six on page two.

I am advised by NFIB's national office that a bill to accomplish these goals already has been introduced in the U.S. House of Representatives, and that Kansas Senator Sam Brownback has or soon will introduce similar legislation in the U.S. Senate. Introduction of a bill, as you know, is not enough. We need to urge Congress to pass the legislation.

Every year, American business owners and the tax experts they hire spend 3.4 billion hours on tax preparation. A recent study shows that it costs business \$710 in lost time and accounting fees to pay every \$100 in taxes. Individuals and their tax preparers devote and additional 1.7 billion hours to comply with the code.

How can that be possible? The IRS code, that's how. It began 85 years ago as 14 pages of tax law. Today, the code is totally out of control.

NFIB-Kansas Membership Profile: NFIB-Kansas represents the entire spectrum of independent business, from one-person home-based operations to enterprises employing more than 100 people. The typical NFIB-Kansas member is quite small, employing six workers and ringing up gross sales of about \$340,000 per year. Yet, in aggregate the membership is a potent economic force, employing more than 110,000 and with gross sales of over \$8 billion annually.

According to Kansas Congressman Vince Snowbarger, the code, with its seven million words, is longer than *War and Peace*, *the Bible*, the complete works of Shakespeare, and *Gone With the Wind* combined.

Wouldn't you like to spend less time trying to figure out how much you owe the government in taxes and spend more time with your family? Wouldn't the country be better off if businesses could lower the cost of calculating their tax bill and spend more time creating jobs? Wouldn't we all like to file returns calculated conscientiously and honestly, without the nagging worry that we might have mistakenly misread the instructions and triggered audits or penalties?

Amending the code, even to lower taxes, is not the solution. Last fall, Congressman Snowbarger, commenting on the "tax reduction and simplification act" passed in the summer of 1997, said that act added 823 amendments to the existing code. That was on top of decades of amendments that have created the complicated mess that the IRS code is today. The only real solution is to abolish the IRS code and start with a clean slate.

Only the U.S. Congress can do that. HCR 5037 would urge Congress to get started on this very important piece of work.

NFIB is spearheading a national petition signing effort designed to collect over one million signatures to be presented to Congress in June of this year. If you agree with this effort, I ask you to complete and sign the petition form attached herewith, and vote to pass HCR 5037.

Thank you.