



**Senate Committee on Assessment and Taxation
Testimony in opposition to Senate Bill 283
Presented by Eric Stafford, VP of Government Affairs, Kansas Chamber**

Wednesday, March 5, 2025

Madam Chair and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber represents small, medium and large-sized businesses across the state, advocating for policies which improve the economic climate in Kansas. We appreciate the opportunity to provide testimony in opposition to Senate Bill 283, which proposes to eliminate HPIP and PEAK, along with several other credits, to lower the individual income tax rate.

Last year when testifying on SB 546, we wrote: *"We've received feedback from members that those programs have been beneficial in attracting businesses to the state, and others saying lower rates with no incentives."*

We also had conversations at that time that led to further discussions this summer on possibly looking at unclaimed HPIP credits to use for a buy-down of the corporate income tax rate. However, as we dug into the issue, we realized the data necessary to make a determination on whether it was possible to capture unclaimed credits was not being tracked and made it impossible to craft a path forward on reforms.

The Chamber's board of directors has approved our legislative agenda with language protecting the PEAK and HPIP programs. Whether one likes it or not, incentives are the marketplace. Even states with a zero income tax offer incentives for business investment. Not only do we have to compete with those state on our tax climate, but we also have to compete with incentives.

Regrettably, this bill uses business-related credits and exemptions to offer tax relief only on individual income tax rates. There is no corporate tax relief offered in the bill. Kansas sits in the bottom half of states on our corporate tax burden. We would urge this committee to consider the contents of Senate Bill 259, a simpler, cleaner way to reduce income taxes for individuals and businesses, without negatively impacting two major incentive programs we have in the state in HPIP and PEAK.

Should Kansas look at the broader discussion of tax exemptions and credits, and whether they're effective and utilized? Absolutely. But abolishing two programs that have without a doubt resulted in private investment in the state is not the answer in our view. If there are ways to modify the programs to improve effectiveness, we can work with interested parties to have those discussions. We appreciate the opportunity to testify in opposition to Senate Bill 283 and I am happy to answer questions at the appropriate time.