

# HB2763 Hearing Testimony

## 1. Evidence of serious conditions in America!

a. THE TAX FOUNDATION's report on "The Cost of Complying with the federal income tax code", represents a surtax of 22% on taxes paid, nationally. That's nearly **\$500 billion annually!**

\* In Kansas's terms, our Gross State Product (GSP) is .89% of USA's Gross Domestic Product (GDP), amounting to \$4.45 billion surtaxes, equaling about 75% of Kansas' state general fund! Most of it is totally un-necessary economic waste begging the assets to be more productively redeployed!

\* The surtax is 27.1% for Kansans (Due to Kansas' relative size)

b. Pat Garofalo, Economic Policy Editor for "ThinkProgress.org and The Progress Report at American Progress" reported on Nov. 3, 2011;

\* 30 major U. S. public companies for 2008-9-10:

- ✓ Paid zero income tax
- ✓ Reported \$160.341 billion in earnings
- ✓ Ended the period with a tax loss carry forward of \$10.742 billion.

c. The SMALL BUSINESS ADMINISTRATION reported in 2010 (Study No. 371) on the cost of federal regulation on Small Businesses:

\* Cost per employee:

- ✓ \$10,585 for firms with less than 20 employees
- ✓ \$ 8,086 for all firms

d. THE TAX FOUNDATION's 2012 "Location Matters" study listed Kansas as

- \* 47<sup>th</sup> in attracting mature businesses and
- \* 48<sup>th</sup> in attracting new businesses

e. The SMALL BUSINESS & ENTREPRENEURSHIP COUNCIL's business Tax Index for 2011 listing all states from "Best to Worst Tax Systems", reported:

- \*Kansas ranking the bottom half for 17 out of 18 measures,

## 2. Consider these corollaries:

a. If the Federal legislature's regulatory criteria currently in play,

- were applied to regulating Tonsillectomies,
- the oral cavity entry would **not** be an accepted surgical option!

b. Economist Louis Woodhill points included in his 3/1/12 Topeka presentation:

- Kansas' 1997-2010 **real** GSP growth rate of 1.97% is like a person living on a 400 calories per day diet - Neither is survivable!
- GSP growth is Kansas' only option for economic survival!

c. With the passage of the FAIRTAX Bill, nationally:

- Taxation would be administered more efficiently and effectively,
- Massive assets would be redeployed more productively,
- Kansas would be disconnected from the IRS Tax code.

### 3. What does the aforementioned have to do with Kansas and HB2763?

- a. HB2763 is a vastly simpler and better way of funding government!
- b. HB2763's passage into Kansas Law will energize Kansas' GDP essential for job growth!
- a. HB2763 is all about Kansas taxing **personal consumption** at the retail level, thereby replacing all other state income and sales taxes on citizens, and their cost of compliance!
- b. HB2763 is easily understood and fair.
  - Those who spend more pay more taxes.
- c. HB2763 is Efficient and Effective Taxation policy!
  - Personal Consumption Taxes are paid at retail POS and noted on the sales receipt, no exceptions (transparent and simple administration)
  - Retailer's are paid to collect and remit (not a current practice)
  - Non- Kansas citizens pay the personal consumption tax, also.
  - The prebate pays Kansas citizen's personal consumption tax up to the poverty guideline (less regressive for every Kansas citizen)
  - Businesses are not taxed so they can fund expansion/created jobs.
    - ✓ It is better to reward production, not consumption.
    - ✓ Internally generated capital is essential for healthy GDP growth.
    - ✓ Many successful smaller businesses merge due to capital requirements. It is also a major growth strategy for larger companies!
  - Kansas becomes competitive for economic growth, amongst states/countries.

### 4. Kansas should minimize un-necessary regulation & compliance requirements.

- **HB2763 is a major step in the right direction!**
- **With HB2763 fully operational, Kansas' GDP growth will become dynamic!**
- **If social engineering is the goal:**
  - ✓ **Develop a specially administered fund for that purpose!**
  - ✓ **Please do not corrupt the Kansas' tax code to do it.**
  - ✓ **Remember the Tonsillectomy example mentioned earlier!**
  - ✓ **All want a bigger piece of the economic pie, so lets make the pie bigger!**
- **Please vote to pass HB2763. Kansans deserve it!**

Lloyd Hanahan  
10001 West 156 street  
Overland Park, Kansas  
3/14/12