

**Written testimony of Mark Saylor, MD, FACS, retired general surgeon,  
concerning House Bill 2763, The Kansas Economic Freedom Act of 2014,  
presented to the Kansas House of Representatives Committee on Taxation**

Chairman Carlson and Members of the Committee, thank you.

As a retired private practice provider of surgery services here in Topeka, I lay claim this afternoon to being a sort of so-called partial expert on one particular aspect of the Kansas Economic Freedom Act of 2014. Specifically, I refer to the favorable broadening of our state sales tax base, called a personal consumption tax in this bill, by including a tax on personal services side by side with personally consumed retail goods as an added source of revenue.

Doing this will actually be a very smart thing, and not, conversely, a harmful thing for Kansas to do. Make no mistake about it, many misguided or even unscrupulous opponents of this bill will soon most certainly argue in aggressive opposition, both before your committee and out among a hopeful and wider public audience. However, their weak arguments are bound to fall flat.

Professional services to be taxed can include medical, dental, veterinary, accounting, and legal services, along with such other personal services as haircuts, manicures, dry cleaning, yard maintenance, home repairs and the like. (Consider this: It is surely not fair as we do today to tax a loving pet owner for getting her pooch's fur washed and trimmed, while on the very next day we fail to tax that same kindly lady for having an identical service performed on her own noggin!) Other services, provided as pure business-to-business transactions, are totally exempt from the personal consumption tax. For example, legal or accounting services provided by one business firm and purchased from it by another firm, which is a client of the former, are not taxed, while an individual person whom a lawyer represents in divorce court will be required to pay the tax on that service.

Indeed, taxing professional personal services does **not** create an added burden on service providers, but in fact will benefit such businesses! The ease and relative lesser office expense of collecting a sales-type tax is demonstrably better than the present system in several ways.

- First – The state will reimburse each consumption tax-collecting business ¼% of the total amount it collects in taxes each month to reward it for collecting the tax.
- Second – The comparatively greater business expense of collecting state withholding, payroll, and unemployment taxes, and preparing all the necessary tax forms while receiving no compensation from the state in return, will go away. Employees get to take home a bigger paycheck.
- Third – Some service providers, such as optometrists or veterinarians already collect sales taxes every time they sell eyeglasses or pet food.
- Fourth – As said previously, some service providers who are taxed today are very similar to a second group of service providers, which (strangely) are not taxed. Leveling the playing field not only will result in additional tax revenue, but no one can seriously argue that doing so is not absolutely fair.
- Fifth – Virtually no business will see a reduction in its numbers of customers or a loss of its market share. People will always need to seek medical care, get haircuts, have dental cavities filled, and hire lawyers to draw up their wills or represent them in court. The negligible amount of state consumption tax the public will be required to pay is not enough to drive them across our border to seek cheaper services.

I urge you to carefully consider this testimony today in a favorable light, and hope you will fully support its line of reasoning during the ongoing efforts of the Legislature to create a bold new and fairer system of taxation, one that is capable of rapidly expanding our Kansas economy by at least 3% of State Domestic Product annually. In my view, to do anything less would be tragic.

Thank you once again.

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March 14, 2012