



The Voice of Small Business®

Testimony by Mr. Daniel Murray
Kansas State Director, National Federation of Independent Business
Senate Assessment and Taxation Committee
Wednesday, February 1, 2012

Good Morning Chairman Donovan and members of the Committee. I am pleased to be here on behalf of the National Federation of Independent Business (NFIB). The NFIB is the state's leading small business advocacy organization representing over 4,100 small business owners across Kansas.

NFIB supports SB317, which proposes to clarify in statute that machinery and equipment that is attached to property, is indeed machinery and equipment and thereby exempt from property tax.

When the business machinery and equipment property tax exemption was contemplated and passed in 2006, our members clearly understood that business machinery and equipment investments that were affixed to real estate would be exempt. And, I think the legislature intended for that to be the case.

Our members have grave concerns that some counties have interpreted the statute and legislative intent incorrectly. If this "loophole" is left to stand, the classification of machinery and equipment as taxable real estate/property will undoubtedly spread to every county. As a result, small businesses that made investments with the understanding that they would be exempt could face a drastically different return on their investment. Frankly, that's not fair.

We know that the exemption of machinery and equipment was unpopular with many county governments. Further, we know that tax revenues at every level haven taken a hit since the great recession. However, now is not the time for counties to "change the rules," whether intentionally or not, on our most important job creators.

We understand that a "gut and go" amendment will be offered and we support that amendment.

Again, NFIB supports SB317 and urge its passage.

Small Business Isn't Small

Collectively, small business isn't small. It represents over 97 percent of all employer firms and provides employment to 54.7% of the non-farm private work force in Kansas. It pays 44 percent of total U.S. private payroll. In the past fifteen years, it has annually generated 64% of net new jobs. It generates more than 50% of the gross domestic product. It possesses half of the business wealth in the U.S.

Sn. Assmnt & Tax
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Attachment # 4