

**House Committee on Taxation
House Bill 2430
Small Business Income Taxes
Presented by Eric Stafford, Vice President of Government Affairs**



Thursday, May 7, 2015

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to testify in opposition to House Bill 2430 which goes back on the business tax cuts from 2012.

In December, the Kansas Chamber Board of Directors unanimously approved our 2015 Legislative Agenda which specifically states our position to “oppose any attempts to roll back the tax cuts of 2012 & 2013” and “reduce government spending instead of increasing the cost of doing business through tax increases.”

For the 11th year in a row, taxes remain the most important concern of business leaders across the state according to our annual Business Leaders poll. Additionally, our results from the December 2014 Business Leaders poll show 84% opposing increases in income tax rates.

Recently the Singularis Group released survey results of 620 likely Kansas voters. 68% of all likely voters oppose raising taxes on small businesses to balance the budget. That number grows to 73% for likely GOP primary voters. 73% of all likely voters believe a tax increase on Kansas small business will hurt job creation in the state (77% of likely GOP primary voters). The Docking Institute at Fort Hays State survey from spring 2015 showed only 7% support increasing taxes on small business.

HB 2430, by taxing small businesses at the low income tax rate, sends a message to businesses in our state that our business climate is uncertain and our legislature is not committed to long-term tax reform with the goal of eliminating income taxes not only for businesses, but for all Kansans.

Kansas has historically lagged our regional competitors in job growth. From 2000-2009, only 10 states had more OUT-migration of taxpayers than Kansas. Meanwhile, state government spending grew \$2 billion from 2003-2008, leaving fewer taxpayers to pick up a larger tab of government spending.



The Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium and large employers all across Kansas.

Now the good news; The Tax Foundation ranked Kansas 35th in the nation in the state business tax climate. Now Kansas sits at 22nd. From 1998-2012, Kansas private sector job growth ranked 38th in the nation, but in 2013 and 2014, the state ranked 27 and 21 respectively.

In closing, HB 2430 unwinds the positive steps our state has taken over the past three years at a time when Kansas is showing signs of economic competitiveness. While the revenue numbers right now may not be what some would like them to be, the economic indicators are showing the tax cuts of 2012 and 2013 are accomplish the objective of making Kansas a competitive state in which to do business.

Thank you again for the opportunity to testify in opposition to HB 2430 and I am happy to answer any questions at the appropriate time.