

STATE OF KANSAS
HOUSE OF REPRESENTATIVES

STATE CAPITOL
300 S.W. TENTH AVENUE
TOPEKA, KS. 66612
(785) 296-7698
adam.lusker@house.ks.gov



COMMITTEE ASSIGNMENTS:
VETERANS, MILITARY & HOMELAND SECURITY
TRANSPORTATION
AGRICULTURE & NATURAL RESOURCES

DISTRICT OFFICE
452 S. 210TH STREET
FRONTENAC, KS 66763

ADAM LUSKER, SR.
2ND DISTRICT
ALLEN, BOURBON, CRAWFORD AND NEOSHO COUNTIES

Testimony March 15, 2016

Chairman Kleeb and Committee. Thank you for the opportunity to testify today in regard to pass through business income. I was asked by Representative Smith to testify this afternoon on what he called the LLC's. I am somewhat qualified to do that because I own one, A. Lusker Masonry L.L.C. Here is a brief history of how Limited Liability Companies came about. Prior to the 1960's all businesses, if incorporated, were classified by federal tax code as Sub Chapter C; Sub Chapter S, a classification for small business came into being in 1958. These allowed small business to operate, however, they still had bulky and heavy paperwork filings and did not fit all small businesses well. In 1977 Wyoming, created a business structure called a Limited Liability Company. By the 1990's many states had adopted this new business structure. That combined the pass-thru taxation of a partnership or sole proprietorship with the limited liability of a corporation.

I formed Lusker Masonry in 1994. I operated a sole proprietorship until 1999 when I got married and became a partnership with my wife Lisa. From there our business grew as did our assets. We knew we wanted to protect our assets, what little we had, so we sat down with our attorney and he advised us that the best way to incorporate would be as an LLC.

A.Lusker Masonry, LLC was formed at that point. The reasons we chose then to become a Limited Liability Company was to ensure that our personal possessions could be retained in the event of a problem. Ultimately, the LLC allows me to continue doing business, while having the peace of mind that

in the event that my employees make a mistake or do inferior work that my business is liable, but my personal assets are protected.

From 2003-2013 we continued to pay taxes on our profits, which in effect was our income. Some years we had income, some years we didn't. In the good years we paid more income tax and in the bad years we did not pay as much.

Throughout all the years we always paid our employees on Friday, not always knowing how.

We still continue to pay personal property tax on our vehicles. Until 2006 (with machinery/equipment exemption) we paid personal property tax on our equipment.

We pay workers compensation insurance, we pay half of our employees Social Security and Medicare tax. We pay unemployment insurance on our employees.

So in 2013 when our accountant told us that we no longer had to pay state income tax, I viewed it as a nice bonus. Had I known then the devastating effects it would have on Kansas, I don't think I would have been so happy.

In the last fifteen years, we have primarily built schools. We have also built many projects at several colleges in Southeast Kansas. Large projects that were in full or in part funded through state dollars. My company has helped many communities grow. We've employed hundreds of people over the past years. We bought millions of dollars of equipment and material, spent thousands of dollars in the communities in which we've worked. My men have bought homes, cars and many other things. These dollars have grown our economy, grown our communities.

Now in an effort to roll back state income tax and reduce the size of state government, we have slowed growth. Citizens of our state are seeing devastating consequences. We are systematically dismantling communities in the state of Kansas. I, as a business owner, do not want to see Kansas continue down this backward path. It's time those of us that have benefitted the most from Kansas tax dollars stand up and pay our fair share. What I once considered a nice bonus, is not only unequitable it is unsustainable. It has had negative effects in our communities and soon will deplete our economy.