

Written Opposition Testimony  
HB 2023  
Janez D. Lomshek

Mr. Chairman and members of the committee I oppose HB 2023 for the simple fact it makes it more difficult for my small business to hire additional employees and invest in my businesses.

I am an owner in 2 Kansas restaurants and a mid-size ecommerce company, between the businesses we employ over 80 full and part time staff. Since we have had the tax benefit we have added onto our Leawood Restaurant and been able to pay down and close our startup loans. With the addition to the restaurant we were able to bring on 3 to 5 part time employees.

Our ecommerce business continues to grow from \$500k in sales 3 years ago to nearly \$2 million last year. We now employ 6 full time staff from 2 full time staff. These are good paying jobs. Most of the income that is made in this business is put right back into the business. As an owner we do receive a modest salary that is subject to Kansas Income Tax. We do pay our fair share.

To have an LLC in the eyes of the IRS the owner must pay themselves a "reasonable" salary. I believe that most owners do this. The "reasonable" salary is subject to Kansas Income Tax as the current law stands. I want to make it a point that business owners are paying Kansas Income Tax. We also pay property tax, collect sales tax, FICA tax, and federal and state licensing tax on numerous items.

HB 2023 increases my costs and impacts my companies' ability to grow the businesses. While I understand, the current tax structure in Kansas may not be perfect, the alternative is worse. I believe that a dollar is more efficient in the private sector than being filtered through the government processes.

For these reasons, it is my opinion HB 2023 is unnecessary and I'd urge you not to support the measure.

Sincerely,

Janez D. Lomshek