



**AMERICANS FOR  
PROSPERITY**  
**KANSAS**

January 19, 2017

**Testimony in Opposition of HB 2023**

Chairman Johnson and Members of the Committee:

On behalf of Americans for Prosperity activists across Kansas, thank you for this opportunity to voice our opposition to HB 2023.

This \$250 million tax increase<sup>i</sup> will reverse the progress that Kansas has made toward reducing the income tax burden on Kansas small businesses and farms.

The tax reforms passed in 2012 gave tax relief to Kansas families, and incentivized small businesses. The results are clear: 2016 saw more Kansans employed than any time in our state's history. The unemployment rate has remained below 4.5% for more than two years<sup>ii</sup>. Kansas has been setting records for number of new businesses. In a time when job growth from traditional C-Corporations has been relatively flat, the pass through entities affected by this bill have hired tens of thousands of Kansans.<sup>iii</sup>

The changes to Kansas small business tax policy contained in HB 2023 would not only set the Kansas economy back, but miss the underlying problem in state finances: Long term spending growth.

The Kansas Legislature used the bulk of the 2015 and 2016 Sessions to consider additional sources of revenue to fix a perceived 'budget shortfall', without first seriously considering a budget to reduce overall state spending. Starting the 2017 Legislative session with a \$250 million tax increase that takes effect in the current year, will send a message to Kansas businesses and employees that state spending is a higher priority than job growth.

Kansas has added thousands of new businesses, and tens of thousands of new jobs. The 2012 tax reforms are benefitting Kansas businesses, and the Kansas job market. Now is not the time to place a \$250 million tax on the source of Kansas job growth and reverse the progress made by the 2012 tax reform package.

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<sup>i</sup> KSHB News "Kansas lawmakers to repeal LLC tax exemption" January 9, 2017.

<sup>ii</sup> Bureau of Labor Statistics. January 2017.

<sup>iii</sup> kansaspolicy.org, "Pass-Through Entities Drive Job Growth in Kansas" October 31, 2016.