



House Committee on Taxation

Verbal Testimony in Opposition to House Bill 2618- 10% Income Tax Rate Presented by Eric Stafford, Vice President of Government Affairs

Monday, March 12, 2018

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 2618 which places a retroactive tax increase on high-wage income earners making \$500,000 or more (\$1,000,000 married filing jointly), creating a new tax bracket of 10%.

This is a pretty straightforward bill- tax the rich and let Kansas government prosper. Or so the proponents will say. However, taxing the rich will not generate more revenue for Kansas. It will force the wealthy to locate to lower tax states, something Kansas cannot afford as it is already bleeding taxpayers. Take for instance a May 19, 2017 Wall Street Journal Article, "Connecticut, Nation's Wealthiest State, May be Tapped Out on Taxing the Rich." The opening sentence reads "The wealthiest state in the U.S. is having trouble collecting enough money to pay its bills, and the Democratic governor doesn't think taxing the rich is the answer anymore."

Essentially, the state was counting on passing high taxes on roughly 100 top earners and then saw their income tax receipts come in \$400 million short of projections. Their state took two shots at increased taxes on the wealthiest taxpayers and both times the revenue growth failed to be realized.

Meanwhile, Washington, D.C., took the approach last December to cut taxes for all taxpayers. Last month's job numbers showed 313,000 new jobs, far exceeding the estimated 200,000 projections. The narrative that the tax cuts only helped the rich, big corporations was obliterated when hundreds of companies announced bonuses for their employees, or enhancements to employee benefits such as increased employer contributions to retirement plans. These bonuses were in addition to lower income tax rates and greater take home pay. These federal tax cuts have had a strong, positive impact on our nation's economy.

We strongly urge this committee to oppose House Bill 2618 and we will be happy to answer questions at the appropriate time.