



Written Testimony in Opposition to SB175 Before Senate Assessment & Taxation Committee

**Mr. Daniel Murray, Kansas State Director
National Federation of Independent Business
Monday, February 13, 2017**

On behalf of the National Federation of Independent Business (NFIB), thank you for the opportunity to submit written testimony on HB2023. NFIB is the state's leading small business organization representing small and independent businesses. A non-profit, nonpartisan organization founded in 1943, NFIB represents the consensus views of its over 4,200 members in Kansas.

The NFIB opposes SB175, which exorbitantly increases the annual business filing fees for small business.

Under current law, every domestic corporation organized for profit must file an annual report to the secretary of state. The report is relatively perfunctory and must include various information about the business, such as the name and principal location of the corporation, names of the officers, etc. SB175 would increase the fee for filing such report from \$40 to \$200 annually. **This represents a 400% increase!**

Further, the bill would require that in addition to the entity filing fee, each qualifying percentage owner(s) in an LLC or substantive partner(s) in various forms partnerships also pay the \$200 filing fee. Under current law, only the entity must pay the \$40 fee. The proposed fee expansion in SB175 will result in a massive new expense for many small businesses. For example, a small business partnership with 6 partners currently pays \$40 annually. SB175 would not only increase the entity fee to \$200, but also expand to include a \$200 fee from each of the 6 partners, assuming they meet the requisite ownership interest. **In this example, if all 6 partners qualify, this small business would see their filing fee skyrocket from \$40 to \$1,400 overnight—just for the “right” to do business in Kansas.**

SB175 arbitrarily increases the cost of doing business in Kansas for small business owners. The proposed annual filing fee increases are excessive and are not reflective of the actual processing cost to the Secretary of State. Further, the increases do not account for the financial viability or income attainment of the filing entity. Our members strongly urge you to oppose the bill.

Founded in 1943, NFIB is the leading advocate for small business owners. Our mission is to defend the right of small business owners to run their businesses without undue government interference and to advance public policies that promote their success. We proudly represent thousands of members statewide from every industry and sector. And we are the only major business organization whose policies and positions are established by the members directly, not by executive staff or the Board of Directors.