



Tuesday, February 19, 2019

**Testimony in Support of Senate Bill 22
Presented by Michele T. Wheeler, Vice President, Regulatory & Political Affairs
NextEra Energy Resources**

Members of the House Committee on Taxation,

I would like to express our support of Senate Bill 22 and encourage the Kansas Legislature to decouple from the key provisions of the tax cuts and jobs act which were implemented to buy down the corporate income tax rate at the federal level.

Let there be no doubt, conforming to these recent changes by not passing legislation in Kansas will result in a tax increase on businesses which have chosen to invest here. That tax increase would be a result of a change in provisions at the federal level which were created to broaden the income tax base, such as an interest expense limitation (IRC 163(j)) among others, and to transition to a territorial tax regime, such as repatriation and Global Intangible Low Taxed Income (GILTI). At the federal level, these provisions were used to pay for a 40% tax rate cut. In Kansas, no such rate cut is being proposed, thus conforming to these federal changes results in a significant tax increase.

Through 2018, 11 states have chosen not to conform to the IRC §163(j) interest expense limitation either by specifically decoupling or not conforming to the current IRC. Fifteen states have elected not to tax foreign income under GILTI. Seventeen states have decoupled from transition tax (repatriation) provisions. More states are expected to address the TCJA impact during their 2019 session and several states have issued guidance through their department of revenue that this income will not be subject to state income tax.

We agree that decoupling from key provisions of TCJA as proposed by the Kansas Chamber of Commerce and the business community at large is good tax policy and support those efforts. However, due to the capital intensive nature of our business, most important of these to NextEra is decoupling from the interest expense limitation of IRC §163(j).

We ask that this committee support Senate Bill 22 to avoid establishing a new tax liability on income tax provisions which were intended to make America more competitive, not to create a higher tax burden at the state level.

ABOUT OUR COMPANY

NextEra Energy, Inc. (NYSE: NEE) is a leading clean energy company headquartered in Juno Beach, Florida. NextEra Energy owns two electric companies in Florida: Florida Power & Light Company, which serves more than five million customer accounts in Florida and is the largest rate-regulated electric utility in the United States as measured by retail electricity produced and sold; and Gulf Power Company, which serves more than 460,000 customers in eight counties throughout northwest Florida. NextEra Energy also owns a competitive energy business, NextEra Energy Resources, LLC, (NEER) which, together with its affiliated entities, is the world's largest generator of renewable energy from the wind and sun and a world leader in battery storage. Through its subsidiaries, NextEra Energy generates clean, emissions-free electricity from eight commercial nuclear power units in Florida, New Hampshire, Iowa and Wisconsin. A Fortune 200 company and included in the S&P 100 index, NextEra Energy has been recognized often by third parties for its efforts in sustainability, corporate responsibility, ethics and compliance, and diversity.

NextEra Energy Resources, LLC

700 Universe Boulevard, Juno Beach, FL 33408

NextEra Energy is ranked No. 1 in the electric and gas utilities industry on Fortune's 2019 list of "World's Most Admired Companies" and ranked among the top 25 on Fortune's 2018 list of companies that "Change the World." In 2017 NEE was the fourth largest capital investor in the country.

In Kansas, NEER owns and operates seven wind generation facilities with generating capacity of approximately 1,235 MW of electric energy, representing approximately \$1.85 billion dollars of capital investment in the state.

Sincerely,

NEXTERA ENERGY RESOURCES, LLC.

A handwritten signature in black ink that reads "Michele T. Wheeler". The signature is written in a cursive style with a large initial "M".

Michele T. Wheeler
Vice President Regulatory & Political Affairs

MTW/lf