



## **House Committee on Taxation**

### **Testimony in Support of Senate Bill 104**

**Presented by Eric Stafford, Vice President of Government Affairs**

**Wednesday, April 3, 2019**

Mister Chair and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber of Commerce. The Kansas Chamber represents small, medium and large employers across the state on policies impacting their businesses. We appreciate the opportunity to testify in support of Senate Bill 104, which restores the ability for small businesses to expense capital investments, rather than using a scheduled depreciation over time following the investment.

SB 303 passed the Senate last year by a vote of 31-8. Kansas was the first state in the nation to allow for expensing of capital investments when the legislation passed in 2011. The federal tax reforms passed in December 2017 allows for expensing of capital investments. However, when Kansas eliminated income taxes on non-wage business income for small businesses in 2012, small businesses lost the ability to expense because they no longer had any income tax liability. But as those tax cuts were repealed in 2017, retroactively to the start of the year, this economic benefit was not restored for small businesses. Corporations were not impacted by the 2012 tax cuts, so they maintained the ability to expense certain investments.

Expensing of capital investments is a pro-growth policy that promotes capital spending and is a relatively inexpensive option for the State because the only cost to the government is the time value of money. Economists have rated expensing of capital investment as one of the most economically productive of economic stimulus initiatives. As previously mentioned, the federal government recently adopted, albeit temporarily, this policy choice.

In closing, Senate Bill 104 restores a benefit for small businesses that was left out of last year's tax plan, we believe inadvertently. Thank you for the opportunity to testify in support of Senate Bill 104, and I am happy to answer questions at the appropriate time.