

Testimony before the House Taxation Committee

House Bill 2110

Presented by J. Kent Eckles, Vice President of Government Affairs

Wednesday, February 6th, 2013



The Kansas Chamber of Commerce appreciates the opportunity to present testimony regarding HB 2110.

Tax Competitiveness Rankings & Polling

Each year the Kansas Chamber commissions an Annual Competitive Index, which compares nearly 80 metrics against our peer states (surrounding geographic states plus Iowa). State Business Tax Structure and Business Tax Burden are but two of them and we rank 35th and 37th respectively for each metric. Kansas must continue to become more competitive in our tax climate.

Also on an annual basis, the Kansas Chamber commissions Cole Hargrave Snodgrass & Associates to poll 300 member and non-member businesses that reflect Kansas geographically and by number of employees. When asked what was most important to their profitability, the most chosen response this year was a tie: “Lower Taxes on Businesses” & “Managing Health Care Costs.”

Our Position

In December, our Board of Directors, which is well-represented demographically and geographically throughout Kansas, unanimously approved the following language regarding tax reform: “Restructure the tax code by eliminating income taxes to reduce volatility in revenues and encourage investment in Kansas.”

We are therefore pleased the Governor has a mechanism in House Bill 2110, which reduces income taxes over time based on growth in state tax receipts. We would however urge the committee to add corporate and privilege taxes to the bill as our position is we must gradually eliminate all income taxes over time.

Regarding the provision of the bill to extend the sales tax rate of 6.3%: The Chamber supported S. Sub. To HB 2117 last session, which allowed the temporary sales tax increase to sunset to 5.7% in July of this year. We believe raising additional revenues from taxpayers should always be a last resort AFTER further reductions in discretionary spending are considered.

The State currently has healthy ending balances, which of course are also taxpayer funds. Why then should the legislature ask the taxpayer for more revenue via sales taxes when current ending balances could be utilized instead?

According to the 5th Edition of Rich States, Poor States, Kansas ranks 35th nationally in sales tax burden. To that end, we support where the Governor is headed with tax reform, but prefer it be implemented without raising additional revenues from taxpayers in the form of an increased sales tax burden.

The Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium and large employers all across Kansas.

