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Proponent Testimony on Senate Bill 22

Kansas Itemized Deductions, Election, Providing for Deferred Foreign Income, Global Intangible Low-Taxed Income, Business Interest, Capital Contributions And FDIC Premiums Income Tax Modifications

Testimony by CenturyLink
John Idoux, Kansas Governmental Affairs Director
Before the House Committee of Taxation
February 18-19, 2019

Thank you Chairman Johnson and members of the Committee. My name is John Idoux and I am CenturyLink's Director of Governmental Affairs for Kansas. I appreciate this opportunity to express CenturyLink's support of Senate Bill 22.

CenturyLink Introduction

CenturyLink is the second largest U.S. communications provider to global enterprise customers. With customers in more than 60 countries and an intense focus on the customer experience, CenturyLink strives to be the world's best networking company by solving customers' increased demand for reliable and secure connections. The company also serves as its customers' trusted partner, helping them manage increased network and IT complexity and providing managed network and cyber security solutions that help protect their business

CenturyLink In Kansas

CenturyLink has provided communications services in Kansas under various names since 1909 and today serves rural Kansans in 119 communities including Junction City, Fort Riley, Gardner, and 111 communities with fewer than 1000 residents. CenturyLink maintains a significant workforce in Kansas with nearly 1250 employees and has nearly \$650 million in Kansas investment. CenturyLink also has more than 1500 route miles of long-haul fiber optics throughout Kansas, including three east-west routes, two north-south routes and fiber rings in metro areas.

Kansas Statistical Profile

<input type="checkbox"/> Employees	1250
<input type="checkbox"/> 2015 Annual Payroll	\$100 million
<input type="checkbox"/> Total KS Investment	\$630 million
<input type="checkbox"/> Access Lines	65,000
<input type="checkbox"/> Communities Served	119
<input type="checkbox"/> Density (Houses/Sq mi)	10.5



Senate Bill 22

Senate Bill 22 addresses many of the unintended decoupling issues associated with the 2017 federal Tax Cut and Jobs Act, including the taxation of foreign dividends and income. The purpose for including foreign income in the federal tax base was to offset the 35% to 21% corporate income tax rate reduction. By broadening the federal tax base from foreign source income, this offset revenue reductions from the income tax rate cuts.

CenturyLink strongly supports Senate Bill 22 as it represents a common-sense approach to make Kansas conducive for continued business investment. CenturyLink has deep Kansas roots dating back to 1909 but is now also a multinational corporation with operation in over 60 countries.

Although Kansas has traditionally taxed foreign dividends and will continue to do so with Senate Bill 22, Kansas has not taxed foreign income and Senate Bill 22 is needed to retain this critical tax structure. This foreign income has already been taxed by the host country and without Senate Bill 22 CenturyLink and other US-based company with Kansas operations will be at a significant competitive disadvantage.

Conclusion

Yes, Senate Bill 22 is complex, but without it the impact is very straightforward -- Kansas citizens and businesses will pay more in Kansas taxes. CenturyLink has been a longtime and proud member of the Kansas Chamber and is also part of the STAR coalition. Together, we urge your support of Senate Bill 22 to ensure Kansas remains competitive internationally as well as competitive with other States.