

**Written Testimony before the Senate Tax Committee
SB 239 & SB 240 – Corporate Income Tax Reductions
Submitted by J. Kent Eckles, Vice President of Government Affairs
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The Kansas Chamber appreciates the opportunity to present testimony regarding Senate Bills 239 & 240.

Regarding SB 239: The Chamber has supported income tax reduction measures that reduce income taxes over time based on growth in state tax receipts, which is what this bill does specifically for corporate income taxes. When this committee heard the Governor's tax reform measure earlier this session, we urged the committee to add corporate tax reduction provisions to the bill.

Fortunately, the House has passed H Sub to SB 84, which contains a similar growth mechanism to reduce not only individual income taxes over time, but also corporate income taxes. What SB 239 seeks to accomplish has already passed one body of the legislature and is therefore conference-able.

Regarding SB 240: We believe that you must FIRST draw down income tax rates BEFORE you begin eliminating tax credits or at the very least, draw down tax credits as income tax rates are lowered, which is the very position the Senate took when they amended the Governor's tax bill to phase out itemized deductions as rates are lowered. When income tax rates get to zero, there is obviously no need for tax credits or itemized deductions.

We oppose SB 240 because it takes precisely the wrong path to lowering income tax rates in our view by eliminating income tax credits before significantly lowering rates. Industry has made billions of dollars in capital investments and hired thousands of employees based on the tax credits available to them and this bill would break a promise the State made to employers by taking away their duly-earned tax credits effective FY 14.

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.

