



February 19, 2019

Chairman Johnson and Members of the Committee,

On behalf of Wichita Regional Chamber of Commerce, thank you for the opportunity to offer testimony in support of S.B. 22, AN ACT concerning taxation; relating to income tax; addition and subtraction modifications, treatment of deferred foreign income, global intangible low-taxed income, business interest, capital contributions and FDIC premiums; Kansas itemized deduction, etc.

The Chamber stands in strong support of the passage of this legislation as we believe Kansas taxpayers, both individual and corporate, should not see a tax increase at the state level as a result of federal tax reform. This certainly was not the intent of the federal Tax Cuts and Jobs Act. The so-called “windfall” is not money raining down on Kansas from the federal government. It is money from Kansas citizen’s pockets that will flow to the state treasury in the form of increased taxes on Kansas workers and Kansas job creators. Of important note is that this increased income for state government is not the result of Kansas policymakers enacting new tax legislation, but rather the unintended consequence of federal policy that was intended to benefit taxpayers nationwide. We would point out that inaction by the Kansas Legislature would increase taxes on Kansans by approximately \$100M.

This legislation appropriately addresses the concerns of the individual taxpayer, as well as those of the business community. Allowing individual taxpayers to itemize on their state return while taking the standard deduction on their federal return is critical to keeping Kansas a destination for citizens seeking high-paying jobs with our state’s generous employers. It should also be noted that a large number of Kansas firms are pass-through entities such as Sub-Chapter S Corporations and Limited Liability Companies. A tax increase at the individual level equates to a tax increase on Kansas companies that will reduce job creation and business expansion.

A vital part of retaining and attracting people to our great state is ensuring that high paying jobs and the opportunity for present and future advancement are readily available. Kansas cannot become an outlier as it relates to state tax policy for corporate filers and banks. Failure to decouple from IRS Code 965(a) and 965(c), 951A, 250(a)(1)(B)(i) or GILTI, IRC section 163(j) interest limitation deductions, IRC 118 – capital contributions or IRC 162(r) -FDIC PREMIUMS, would incentivize Kansas firms to locate elsewhere and would send a disastrous message to any company considering locating within our borders. Should the state fail to take the required action to ensure business taxes are not increased out of a desire to have some extra money in the present, they should be mindful and prepared for diminished future revenues on income side of the ledger.

We thank the Committee for its consideration and strongly urge the passage of S.B. 22.

Very truly yours,

Jason P. Watkins
Wichita Regional Chamber of Commerce