



**Senate Committee on Assessment and Taxation**  
**Testimony in Support of Senate Bill 196**  
**Presented by Eric Stafford, Vice President of Government Affairs**

**Thursday, February 20, 2020**

Madam 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 196, which restores the ability for small businesses to expense capital investments, rather than using a scheduled depreciation over time following the investment, similar to changes made under the tax cuts and jobs act.

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 But as those tax cuts were repealed in 2017, retroactively to the start of the year, this economic benefit was not restored for small businesses.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.

All Kansas businesses currently may expense capital investments because of provisions in the TCJA and our conformity to federal tax code. However, that is not a permanent tax benefit and will expire in 2022 without Congressional reapproval. The Tax Foundation recommends locking in this benefit at the state level in their Kansas Tax Modernization report released last December.

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.

Thank you for the opportunity to testify in support of Senate Bill 196, and I am happy to answer questions at the appropriate time.