

Seaboard Corp. makes exclusive appeal to Kansas Senate for tax relief

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An executive with agriculture and transportation giant Seaboard Corp. said Wednesday investment in Kansas jobs could be at stake if the Legislature declined to change state tax law to accommodate companies repatriating foreign earnings.

Seaboard, which has a presence in a dozen Kansas communities and more than 40 countries, benefited from President Donald Trump signing a law that lowered the federal corporate income tax rate from 35 percent to 21 percent. The same sweeping federal tax law, absent action by the state government in Kansas, could compel such companies as Seaboard to pay higher state taxes.

“There’s a risk you would underperform,” said David Rankin, senior vice president of taxation and business development at Seaboard, based in Merriam.

He said a dip in company earnings related to state tax law might convince Seaboard or comparable employers to move jobs elsewhere or to incorporate in other states.

Kansas income tax law follows provisions of the federal tax code, but complex changes at the federal level approved by Trump in late 2017 opened up Kansans to payment of lower federal taxes and higher state taxes.

A bill expected to be considered Thursday by the Senate Assessment and Taxation Committee includes language to hand as much as \$92 million in windfall revenue to individual taxpayers. No estimate has been attached by the Kansas Department of Revenue to business tax adjustments sought by Seaboard on repatriation of foreign income.

Eric Stafford, a lobbyist with the Kansas Chamber, asked the Senate committee to amend the bill to include five provisions sought by the business community. His list included tax adjustments tied to foreign income, as well as tweaks for bank premiums, interest expense limitations and capital contributions.

No individuals, corporations or lobbying groups Wednesday addressed Senate tax committee members other than officials of the Kansas Chamber and Seaboard.

Sen. Caryn Tyson, a Parker Republican who chairs the Senate tax committee, said business tax reform language written by the Kansas Chamber could be folded into Senate Bill 13. Senate GOP leadership wants the bill to move quickly through the chamber.

During the 2018 legislative session, uncertainty about potential size of the Kansas windfall led to a vote in the House blocking a bill that would have delivered income tax relief to individuals and businesses.

At least among Democrats, anxiety remains about consideration of a revenue reduction plan without a solid estimate of cost. Gov. Laura Kelly, in the Senate and on the campaign trail, expressed apprehension about unrestrained tax cutting.

Sen. Vic Miller, D-Topeka, said the windfall tax reform proposals in the Senate applicable to businesses and individuals were complex enough to be considered in separate bills. That would allow for broad public testimony and closer scrutiny of details in the legislation, said Miller, who sits on the Senate tax committee.

“They can have a separate bill,” said Rep. Jim Gartner, a Topeka Democrat on the House Tax Committee who attended the Senate committee meeting with Seaboard and the Kansas Chamber. “They can have a full-blown hearing.”