



**Date:** February 15, 2012

**To:** House Taxation Committee  
Rep. Richard Carlson - Chair

**From:** Doug Wareham, Senior Vice President-Government Relations

**Re:** Proponent and Amendment Request for House Bill 2747

Chairman Carlson and members of the House Taxation Committee, I am Doug Wareham appearing on behalf of the Kansas Bankers Association (KBA). KBA's membership includes 300 banks that provide financial services in more than 400 towns and cities across the state. Kansas banks currently employ just over 13,600 Kansans, with nearly two-thirds of Kansas banks averaging less than 14 employees.

Thank you for the opportunity to provide input on H.B. 2747. I want to reiterate our support for reducing the tax burden on Kansas businesses to help spur economic growth in Kansas. I also want to state our appreciation for the inclusion of the privilege tax in this proposal, but we do have two suggestions that we would like to offer for your consideration. As we understand it, H.B. 2747 sets the stage for reductions and eventual elimination of the privilege tax (the income tax paid by Kansas banks and savings and loans). However, reductions in the privilege tax rate are not triggered until the corporate income tax rate reaches zero (0%).

We respectfully ask the committee to consider the following options that place tax-paying financial institutions on a more level playing field with other Kansas businesses that are subject to the corporate income tax.

Option 1:

Amend H.B. 2747 with language that would produce proportionate reductions for both the corporate income tax and the privilege tax once the individual income tax rate reaches zero (0%).

Option 2:

Amend H.B. 2747 with language that will trigger rate reductions and the eventual phase-out of the privilege tax once reductions in the corporate income tax rate reach the threshold of 4.375%, which is the combined tax and surtax rate assessed to banks and savings and loans in Kansas.

Once again, I thank you for the opportunity to provide input and I would be happy to stand for questions now or at the appropriate time. If at a later time you have questions or require additional information, please contact me at [dwareham@ksbankers.com](mailto:dwareham@ksbankers.com) or at (785) 232-3444.