



18 February 2019

Representative Steven Johnson
Chair, House Taxation Committee

Representative Johnson and Members of the Committee:

As you know, the Tax Cuts and Jobs Act of 2017 provided federal tax relief to individuals and businesses throughout the country. At the same time, the Act created a scenario that will likely result in tax increases for many Kansans and Kansas-based businesses unless we “decouple” from provisions of the new law. Without action, some of these changes will result in levying taxes on businesses they’ve never paid before and have never been contemplated when building our state’s budget. In short, some of these changes will have no budgetary impact to the state but a significant impact to the business community.

The Overland Park Chamber of Commerce philosophically supports the idea of decoupling from the federal tax code. In particular, we support the idea of allowing individuals to itemize deductions on their state tax return even if they choose to take the standard deduction on their federal return. With that said, it is important to keep in mind that Kansas has numerous issues with significant budgetary impact needing to be addressed. Among these needs are: bringing an end to the ongoing litigation and uncertainty over K-12 school funding; ensuring our post-secondary institutions can offer a high-quality education while remaining affordable; developing a comprehensive, long-term transportation plan; and fixing a broken foster care system.

We urge you to consider these important priorities as you work on SB 22. Further, we believe it would be prudent to not rush to approve this legislation. We believe evaluating the impact of this legislation with a fuller understanding of the state’s economy, a more complete picture of

the budget you'll be crafting and the impact these tax changes would have on those important factors is the most fiscally-prudent approach. The legislature has made great strides in stabilizing our state's budget that has, for many years, fallen short of projections and in-turn created havoc with our budget. For this reason, we urge caution as you move forward with the various provisions included in SB 22 that will impact revenue to the state.

Before making material adjustments to state tax policy we ask that you continue to work with budget analysts to obtain accurate and complete fiscal notes. A careful evaluation of the fiscal facts must be made while assessing the impact the proposed changes in SB 22 will have on our budget. The goal of providing tax cuts is laudable and we support that goal, but the impact of those cuts must be fully contemplated to avoid returning to another period of budget instability.