



Testimony in Support of HB2005
Mr. Daniel Murray
Kansas State Director, National Federation of Independent Business

House Taxation Committee
January 29, 2020

Chairman and members of the committee, I am pleased to submit testimony in strong support of HB2005 on behalf of NFIB Kansas. NFIB Kansas is the leading small business organization in Kansas representing small and independent businesses. A non-profit, nonpartisan organization founded in 1943, NFIB Kansas represents the consensus views of its almost 4,000 members in Kansas.

House Bill 2005 would allow a Kansas small business owner to use itemized deductions on their state income tax return regardless if they use itemized deductions on their federal income tax return. The bill will ensure that Kansas individuals and small businesses can fully avail themselves of the benefits brought by the federal Tax Cuts and Jobs Act.

As of 2018, there are more than 30 million small businesses – representing 99.9 percent of all firms in the United States – and they employ nearly 60 million workers, nearly half of the U.S. workforce. With the overwhelming majority of those small business owners filing at the individual level, the flexibility to itemize is critical to the profitability and viability of small businesses.

Indeed, **Small Businesses Are Personal**. Seventy-five percent of small businesses are unincorporated as pass-through entities, so owners report business income on their personal taxes. This is true regardless of whether the owner is taking the profits home or plowing them back into the business. HB2005 will help small business owners do just that.

The passage of the federal tax cuts has contributed to historically high small business optimism.¹ The failure of the Kansas legislature to appropriately respond to the inconsistencies generated by the passage of positive tax reform at the federal level will certainly dampen this optimism in Kansas. Kansas can't afford that.

Thank you for your consideration of our comments, and we strongly urge you to vote HB2005 favorably for passage.

¹ “December marked the end of another banner year for the small business economy, as owners took full advantage of strong consumer spending, and federal tax and regulatory relief,” said NFIB Chief Economist William Dunkelberg. “2020 is starting out with a solid foundation for continued growth, two-years into the Tax Cuts and Jobs Act that’s providing fuel to grow small businesses and their workforce.”

NFIB Small Business Small Business Optimism Index: <https://www.nfib.com/surveys/small-business-economic-trends/>