



Testimony in Support of SB303
Mr. Daniel Murray
Kansas State Director, National Federation of Independent Business

Senate Assessment and Taxation Committee
Thursday, February 8, 2018

Madam Chair and members of the committee, I am pleased to be here in strong support of SB303 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 over 4,400 members in Kansas.

Senate Bill 303 will restore the small business expensing deduction that was eliminated with the passage of the 2012 tax cuts. When this legislature repealed the small business income tax exemption and retroactively increased income taxes last year, you failed to restore this important provision in the tax code. Under current law, big businesses such as corporations, banks, trust companies, and savings and loans are allowed to claim the Kansas expensing deduction for investments in qualifying machinery and equipment. SB303 would reinstate the expensing deduction for individual income taxpayers beginning in tax year 2017.

First and foremost, we view the bill as a technical fix to an oversight. It was policy before the small business exemption passed in 2012, and it should have been restored last year when the exemption was repealed. Secondly, the bill represents taxpayer fairness. Corporations enjoy this deduction. So too should small businesses. Seventy five percent of employers are structured as pass-through entities, meaning their owners are taxed at the individual tax rate, not the corporate rate. Finally, it's a valuable and effective economic development tool for small businesses. The expensing deduction allows small businesses to deduct certain investments that help businesses grow, which significantly improves cash flow.

Again, thank you for your consideration of our comments, and we strongly urge you to vote SB303 favorably for passage.