

**HB 2061 Testimony – On Corporate Income Tax Only**  
**House Taxation Committee**  
**Topeka, KS 66612**

**HB 2061 - Providing an income tax rate of 5% for individuals and corporations**

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Chairman Smith and Committee Members:

We are local tax simplification researcher and economics professor with 15 publications. We support tax simplification for Kansas and do not support HB 2061 because of following reasons:

(1) This tax bill can reduce tax revenue from corporations by \$50.3 million (2024), \$175.9 million (2025), and \$184.7 million (2026). **Where can you find the extra tax revenue hundred million dollars or do you plan to cut Kansas budget (1/10)?** We resolve one problem and should not create another problem. Comparing with many other states, Kansas lawmakers have relatively low salaries. We can not reduce their salaries (10%?). We need to treat our lawmakers well for them to concentrate their jobs.

[www.kslegislature.org/li/b2023\\_24/measures/documents/fisc\\_note\\_hb2061\\_00\\_0000.pdf](http://www.kslegislature.org/li/b2023_24/measures/documents/fisc_note_hb2061_00_0000.pdf)

(2) For small businesses with such as taxable income \$50,000, income tax can be increased by \$500. For larger businesses with such as \$500 million, income tax can be reduced by -\$9,998,500 less than existing tax system. [www.kslegislature.org/li/b2023\\_24/measures/documents/hb2061\\_00\\_0000.pdf](http://www.kslegislature.org/li/b2023_24/measures/documents/hb2061_00_0000.pdf)

One social security tax cliff problem can be resolved with one simple linear formula (about 8 bills in 2019-2023). **Our corporate tax problems can be resolved with one fair and simple linear formula and one existing formula with neutral or less tax revenue change.** Then the above problems can be resolved (A). **Two formulas with two brackets can be used as a simple, fair, and long-term solution.**

A better business/corporate tax plan is to have relatively lower bottom tax rate, which can encourage more people to start businesses. Small businesses hire many people for employment and economic development to contribute to our state tax revenue. Middle and large businesses are more stable and can pay relatively higher tax rates reasonably.

**Proposal 1:** Kansas may reduce existing bottom tax rate 4%-5.5%-7% to 3%-5.5%-7% with neutral tax revenue change. The 3% is lower than 4% of MO and OK to be more competitive for corporations. IA has corporate tax rates 5.5%-8.4% with 2 brackets. AR has corporate tax rates 1%-5.3% with 5 brackets.

**Proposal 2:** Kansas may reduce existing 4%-7% to such as 2.5%-5%-6.5% or 2%-4.5%-6% (2 brackets and 2 formulas) purposely with gradual tax revenue reductions. Additional condition may be tax revenue increased from corporations by \$xx million/year to cover tax revenue reductions partially at least.

Flat tax rates (such as 5%) are too simple, rough, and unreasonable to cover different incomes. One fair and simple linear formula can be used to resolve related corporate tax problems\*. Your questions are welcome. Let us work together for Kansas. Thank you.

\* [www.academicstar.us/UploadFile/Picture/2015-1/201511951053751.pdf](http://www.academicstar.us/UploadFile/Picture/2015-1/201511951053751.pdf)

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