



**Testimony in Support of House Bill 2411**  
**Mr. Daniel Murray**  
**Kansas State Director, National Federation of Independent Business**

**House Committee on Taxation**  
**March 7, 2023**

Chair and members of the committee, I am pleased to submit testimony in support of HB2411 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 4,000 members in Kansas.

House Bill 2411 would reduce the penalties on employers who fail to timely collect and remit withholding taxes. Under current law, if an employer required to remit withholding taxes fails to do so by the date prescribed that small business is subject to a penalty of 15% of the amount of the underpayment. This bill proposes a much more reasonable stair stepped penalty regime that mirrors federal code and brings Kansas in line with neighboring states. House Bill 2411 would create the following penalties:

- *2% of the amount of the underpayment if remitted within one to five days;*
- *5% of the amount of the underpayment if remitted within six to 15 days;*
- *10% of the amount of the underpayment if remitted after 15 days; and*
- *15% of the amount of the underpayment if remitted after 15 days and the department has issued a notice to the person regarding the underpayment but the amount of the underpayment was not remitted within 10 days of issuance of the notice.*

As of 2022, there are more than 258,000 thousand small businesses – representing 99.1 percent of all firms in Kansas– and they employ over 600,000 workers, over half of the state’s workforce. Indeed, small businesses are the backbone of the Kansas economy. And taxes matter to our vital small business sector. In our most recent ***Small Business Problems and Priorities***, NFIB confirmed that taxes continue to be a significant problem for small business owners. The study found that **tax rates AND tax complexity are four of the top ten problems confronting small businesses.**

Small businesses usually do not have inhouse tax experts or accountants to manage burdensome tax compliance. This bill addresses one of the complexities small business owners face in complying with tax laws. By mirroring federal penalties, HB2411 simplifies compliance. And the bill replaces a single, needlessly high penalty with an escalating system that allows owners more time to comply before getting hit in the nose right off the bat.

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