



Chair Smith and Members of the Committee,

On behalf of the Americans for Prosperity Kansas Chapter, we appreciate this opportunity to submit proponent testimony of HB 2411. HB 2411 decreases the penalties for employer failing to timely remit employee withholding income taxes. We hold the following positions on HB 2411.

1. Kansas withholding penalties are more severe than federal regulations
2. HB 2411 helps make it easier to do business in Kansas.

Kansas withholding penalties are more severe than federal regulations

According to Kansas statute 79-32,107, the penalty for a business failing to remit payroll taxes on before the due date is a 15% of the underpayment.¹ This is not in line with federal penalties for late withholding remittances. According to the IRS, federal penalties are stair stepped.² See the IRS table below for penalty formula.

HB 2411 brings Kansas withholding law in line with federal policy. HB 2411 makes Kansas tax law easier to follow for small businesses.

Number of Days Your Deposit is Late	Amount of the Penalty
1-5 calendar days	2% of your unpaid deposit
6-15 calendar days	5% of your unpaid deposit
More than 15 calendar days	10% of the unpaid deposit
More than 10 calendar days after the date of your first notice or letter (for example, CP220 Notice) or The day you get a notice or letter for immediate payment (for example, CP504J Notice)	15% of your unpaid deposit

HB 2411 helps make it easier to do business in Kansas

By decreasing penalties for withholding remittances, HB 2411 makes it easier to conduct business in Kansas. HB 2411 would discourage entrepreneurs from leaving the state because of its high penalties. It also means, entrepreneurs are encouraged to create jobs and hire. HB 2411 lessens the burden of payroll management and allows every entrepreneur to better run their business in a way that works best for themselves and their employees.

For these reasons, we urge the committee to pass HB 2411 in its current form.

¹ Kansas Department of Revenue, *Penalty and Issues*, <https://www.ksrevenue.gov/pandi.html#:~:text=Penalty%3A%20Computed%20at%20the%20rate,received%20after%20the%20due%20date>.

² Internal Revenue Service, *Failure to Deposit Penalty*, <https://www.irs.gov/payments/failure-to-deposit-penalty>