



Testimony in Support of House Bill 2844
Mr. Daniel Murray
Kansas State Director, National Federation of Independent Business

House Committee on Taxation
March 20, 2024

Chair and members of the committee, I am pleased to submit testimony in support of the House Bill 2844. 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 nearly 3,600 members throughout the state.

House Bill 2844 makes positive reductions to the state's individual income rate and the statewide mill levy. Further, the bill proposes to move from three tax brackets to two, which simplifies compliance for small business owners.

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.**

The income tax reductions and simplicity proposed in this bill, particularly on individual income (75% of small businesses are unincorporated pass-through entities, meaning most owners report business income on their personal taxes), will address small business tax concerns. First, the bill will lower the tax burden and allow the owner to share more profits with employees through higher salaries and bigger benefits and to plow additional revenue back into the business through capital investments. Further, the movement to two rates simplifies the tax code and makes tax compliance easier for small business owners, most of whom don't have in-house accountants.

As Kansas sits on record reserves, we urge the legislature and the Governor to send those hard-earned taxpayer dollars back to Main Street where small business owners can reinvest in their employees and businesses. Thank you for your consideration of our comments, and we respectfully ask you to vote favorably for the passage of this legislation.