



122 C Street N.W., Suite 700, Washington, DC 20001

February 14, 2024

House Committee on Taxation
300 S.W. 10th Avenue
Topeka, KS 66612

Re: Support for H.B. 2420, Establishing tax withholding requirements when certain employees work in multiple states

Dear Chairman Smith and Members of the Committee,

On behalf of National Taxpayers Union (NTU), I write to you in support of H.B. 2420, proposed legislation to introduce filing and withholding thresholds for nonresidents working in multiple states.

For nearly five decades, NTU has striven to give policymakers the tools to make informed, pro-taxpayer policy choices. In recent years, NTU has also taken note of the growing trend of taxpayers facing overlapping and prohibitive tax and regulatory burdens from multiple states when they attempt to earn a livelihood in an increasingly digital economy, a trend NTU seeks to reverse.

One such burden is the obligation to file income tax returns (or withhold income taxes on behalf of an employee) on the basis of work performed in a state other than the taxpayer's state of residence. While states like Indiana and Montana have recently enacted 30-day thresholds to protect taxpayers from incurring tax filing obligations on the basis of a short amount of time spent in their states, Kansas continues to offer no such protection. Consequently, nonresidents incur income tax obligations from the very first day spent working in Kansas.

Such a policy stifles economic activity in Kansas over trivial amounts of revenue. Kansas should not be threatening taxpayers pursuing short-term business opportunities, or their employers, with needless complications to their tax returns. For out-of-state small businesses in particular, the need to familiarize themselves with and comply with another state's tax code, and potentially subject themselves to another state's audit, is enough to make Kansas a state best avoided.

The NTU Foundation releases an annual report, the "Remote Obligations and Mobility (ROAM) Index, ranking each state on the burdens their tax codes impose on remote and mobile workers.¹ In large part

¹ View the full study at ntu.org/roam.

because of Kansas's current policy of imposing tax filing and withholding obligations from day one spent working in the state, Kansas currently ranks 43rd out 50 states on the ROAM Index.

Introducing clean 30-day filing and withholding safe harbors for nonresidents would instantly vault Kansas to become the second-highest ranked state with an individual income tax on the ROAM Index. More importantly, it would establish Kansas as a state that welcomes workers of the new economy and prioritizes maintaining a minimally burdensome tax environment.

I appreciate your consideration and willingness to consider policy ideas to help Kansas best position itself for changes brought about by the increase in remote and hybrid work arrangements. I encourage you to support H.B. 2420. Please feel free to contact me or my colleague Andrew Wilford, Director of NTU Foundation's Interstate Commerce Initiative, with any questions you may have.

Respectfully submitted,

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