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## **Testimony Supporting the Elimination of Small-Business related Income Tax**

For this term, the Governor has requested, and the Legislature is considering, a significant change to Kansas Income Tax collection. It may appear to a glancing observer that all the government is considering is a reduction in the amount of taxes that some or all individuals pay to the State. In fact, the changes are far more revolutionary in that they are about re-empowering entrepreneurship, job creation, and the re-population of the State of Kansas.

A primary thrust of the tax change proposals is the elimination of income tax on small business income. Kansas now accounts for less than 1% (.92% to be exact) of the US population and is trending downward. This momentum is pushing our population into major metro areas and is threatening to create an unsustainable imbalance between urban and rural parts of the State.

As any studied entrepreneur knows, if you want to make the most money in business you need to be involved in the retail sector. The US retail market is among the most sophisticated in the world and these retailers can tell you that if you put an item on sale - reduce its price - sales volume sales of that product will increase. If Kansas wants to attract entrepreneurs – and keep them - it must eliminate the State's tax on their efforts.

Kansas will not grow our way out of our problems by elephant hunting. The dream of landing the next big company or plant to bring jobs to the State will only occasionally be realized and will not solve our need for more growth. We must organically grow Kansas-started businesses that are enabled to use their profits and capital to reinvest in the company and reward the risk takers.

I realize that plans on the table call for the reduction and future elimination of all individual income tax in the State. If the legislature and governor can find a way to pull that off - more power to them. But reducing a W-2 earner's State income tax is only a small benefit creating a small cash surplus for that earner to annually spend in the marketplace.

But by eliminating the tax on small business the legislature would be incentivizing the risk takers. The job makers. The entrepreneurs that create strong, growing companies attracting sustained population growth and improve the quality of life throughout Kansas.

I urge the committee to strongly consider passing measures toward the elimination of small-business related income tax in the State of Kansas.



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February 2012