



**House Committee on Taxation
Neutral Testimony on House Bill 2005
Presented by Eric Stafford, Vice President of Government Affairs**

Wednesday, January 29, 2020

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber represents small, medium and large businesses of all industry segments across the state. The Kansas Chamber appreciates the opportunity to testify neutral on House Bill 2005, which would allow individual taxpayers the opportunity to itemize when using the standard deduction on their federal return.

First let me start by saying we are fully supportive of this policy change before you. However, we would ask this bill be amended to include the corporate decoupling provisions along with the individual taxpayer components. The tax cuts and jobs act passed by Congress in December 2017 nearly doubled the standard deduction for individual tax filers. The standard deduction for married filing jointly increased from \$13,000 to \$24,000. According to a Tax Foundation article, "The Joint Committee on Taxation estimates that the number of filers who itemize will fall from 46.5 million in 2017 to just over 18 million in 2018, meaning that about 88 percent of the 150 million households that file taxes will take the increased standard deduction."

While this change is a great benefit at the federal level for individual taxpayers, it creates an unintended consequence in Kansas due to the greater discrepancy between the new federal standard deduction and Kansas' \$7,500 deduction for married filing jointly. That causes an increase in Kansas taxpayers state income tax liability because current law prohibits taxpayers from itemization if they do not itemize at the federal level. HB 2005 addresses this by allowing individuals the chance to itemize on their state return if they use the federal standard deduction.

We maintain our position from last session that Kansas should decouple from not only this provision, but also the corporate provisions, to allow Kansas taxpayers the ability to take full advantage of the tax cuts passed by Congress just over two years ago. Kansas taxpayers, individuals and businesses, should not face an unintended tax increase due to actions by Congress.

We appreciate the opportunity to testify as a neutral party to House Bill 2005, and I am happy to answer any questions at the appropriate time.

