

SB 46 Proponent Testimony
Senate Committee on Assessment and Taxation
Subtraction Modification for Amounts Received from Employer-Sponsored Retirement Plan
Michael Austin – Director, Center for Entrepreneurial Government
February 2, 2020



Chairwoman Tyson and Members of the Committee,

On behalf of the Kansas Policy Institute, we appreciate this opportunity to submit testimony in support of SB 46 as it provides a subtraction modification of amounts received from employer-sponsored retirement plans. We hold the following positions on SB 46.

1. SB 46 creates tax equity between defined contribution and defined benefit retirement plans.
2. SB 46 provides tax relief to a most of the Kansas workforce and retirees.

SB 46 creates tax equity between defined contribution and defined benefit retirement plans.

SB 46 puts private-sector retirement plans on par with public-pension plans. Removing this advantage can keep limits on the size of government and encourage faster economic growth.

SB 46 provides tax relief to a most of the Kansas workforce and retirees.

According to the Bureau of Labor Statistics, roughly 82% of all Kansas jobs are from the private sector. This means SB 46 can provide tax relief to most of the Kansas workforce and retirees. ¹

Considering the state's income tax system and tax treatment of out of state public pensions, Kansas' taxation of distributions from private retirement plans makes it the 4th least tax friendly state for retirees. ²

Helping hard-working Kansans keep more of what they earned and saved will not only help spur retirement savings, but it will give seniors the resources to have a better quality of life.

For these reasons, we urge the committee to pass SB 46 in its current form.

¹ Bureau of Labor Statistics, Current Employment Statistics, Annual 2019

² Kiplinger Business Magazine, *10 Least Tax-Friendly States for Retirees*, 1/24/2021,
<https://www.kiplinger.com/retirement/601815/least-tax-friendly-states-for-retirees>