



April 1, 2019

Dear Members of the Kansas Senate,

The following organizations are writing today to express our support for Senate Bill 22 and respectfully ask for your vote to override Governor Laura Kelly, who vetoed the bill on March 25. SB 22 protects Kansas businesses and individuals from unintended state tax increases caused by changes in the federal tax code.

Opponents of Senate Bill 22 have done their best to distort and mischaracterize what the bill does. Despite the claims of many, there is nothing in Senate Bill 22 that reduces current corporate tax rates, eliminates income Kansas has traditionally taxed, or collapses tax brackets. Bottom line - SB 22 IS NOT a tax cut. It PREVENTS a significant tax INCREASE.

Kansas is among a group of states which automatically adopts ("rolling conformity") the federal Internal Revenue Code in its most current form. By conforming to the 2017 Tax Cut and Jobs Act (TCJA) without modification, Kansas will increase the state tax burden on Kansas businesses and individuals.

While the content and changes in the federal tax code might be complex, the decision before you is pretty simple: vote to override Governor Kelly's veto of SB 22 to avoid increasing state taxes on Kansas businesses and individuals.

Kansas HAS taxed foreign dividends, but it has never taxed foreign income. That will happen without SB 22. Taxing foreign income - that has already been taxed in another country - will place Kansas in a significantly uncompetitive position compared to more than 25 states that have already elected to not tax these provisions. Additionally, SB 22 proposes to decouple from several "base-broadening" provisions used as "pay-fors" to lower the federal corporate income tax rate such as Interest Expense Limitations (163j) and the ability to deduct the cost of FDIC insurance premiums. It makes no sense to tax these newly created tax provisions at the state level when they were implemented to lower the federal rate.

Kansas' neighbors, including Missouri, Oklahoma, Iowa, and Arkansas have already decoupled from all or some of the federal provisions, as have nearly all the job-growing states in the Southeast. Failing to enact SB 22 will leave Kansas behind.

Today we are asking that you support the effort to override Governor Kelly's veto of Senate Bill 22 to avoid increasing state taxes on Kansas businesses and individuals.

Sincerely,

**American Packaging
AMC Theatres
Air Liquide
Berry Companies
BG Products
Blish-Mize Co.
BP
BTI
Cargill
CenturyLink
Cerner Corporation
Charter Communications
Coca-Cola
Conco Construction
Council on State Taxation (COST)
Cox Communications
CRH Americas, Inc.
CTIA
Dillons
DSM
Eby Construction Company
Forum Energy Technologies
HCA Midwest
HollyFrontier
Integrated Components, Inc.
iSi Environmental
Jayhawk Plastics
John Deere
Kansas Bankers Association
Kansas Chamber of Commerce
Kansas Food Dealers Association
Kansas Manufacturing Council**

**Kansas Petroleum Council
Kansas Pork Association
Kansas Retail Council
Koch Industries
Lawrence Paper Company
The LDF Companies
Mahaney Roofing
Mark Hutton
The Martens Companies
Martin-Smith Personnel Services, Inc.
McGinty Machine Company
Medical Imaging & Technology Alliance
Medical Technology Association
Metal Finishing Company
National Foreign Trade Council
NextEra Energy Resources
Organization for International Investment
(OFII)
Retail Grocers Association of Greater KC
Rocking M Media
Seaboard Corporation
Security Industry Association
Signify
Southwind Broadcasting
Spirit AeroSystems
Target
Textron Aviation
Topeka Independent Business Association
Walmart
Wenger Manufacturing
Wichita Independent Business Association
Wichita Regional Chamber of Commerce**