



February 6, 2019

Dear Senators,

The undersigned write to you in strong support of Senate Bill 22. We urge quick passage of this important legislation preserving Kansas' ability to compete for investment and job creation.

Without any action by the Legislature or policy pronouncement by the Governor, Kansas businesses and individuals will face a tax increase without the passage of SB 22. This occurred because Kansas is among the group of states which *automatically* adopts the federal Internal Revenue Code in its most current form. By conforming to the Tax Cut and Jobs Act (TCJA) without modification, Kansas increased business and individual taxes.

How could conforming to a federal tax cut raise Kansas business taxes? The TCJA expanded the tax base while lowering the tax rate by 40%. Kansas automatically adopted the broader federal base—taxing foreign income, interest, incentives, FDIC fees, and more—without any reduction in the tax rate. That's a tax increase on businesses, pure and simple. Rather than "cutting" business taxes, SB 22 merely restores them to where they were before Kansas increased business taxes by automatically conforming to the TCJA.

Failing to adopt SB 22 will impose new taxes on Kansas businesses which successfully compete worldwide. It will also impose higher taxes on foreign companies which have chosen to invest in Kansas. Bottom line, failing to enact SB 22 will make Kansas a less attractive place to invest and grow good paying, career-oriented jobs.

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

Thank you for your leadership on this critical issue for Kansas' economy.

Yours Truly,

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Anheuser-Busch
AT&T
Air Liquide
Bombardier
BP
Cargill
CenturyLink
Cerner Corporation
CNH Industrial America, LLC
The Coca-Cola Company
Council On State Taxation
Cox Communications
CRH Americas, Inc.
Deluxe Corporation
DSM
Forum Energy Technologies
General Motors
HCA MidWest Health
Hill's Pet Nutrition
HollyFrontier Companies
The Home Depot
International Paper

Kansas Chamber of Commerce
Kansas Petroleum Council
Kansas Pork Association
Koch Industries
Laboratory Corporation of America
Holdings
Mahaney Roofing
Medical Imaging Technology Alliance
Metal Finishing Company, Inc.
National Foreign Trade Council
NextEra Energy Resources
Organization for International Investment
Realogy Holdings Corp.
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Software Finance & Tax Executives Council
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Target
Teva Pharmaceuticals USA
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AT&T

