



May 9, 2019

Honorable Governor Laura Kelly  
300 SW 10<sup>th</sup> Ave., Suite 241-S  
Topeka, KS 66612-1590

Dear Governor Kelly,

On behalf of the following organizations, we are writing today to respectfully ask for your support for House Bill 2033. HB 2033 protects Kansas businesses and individuals from unintended state tax increases caused by changes in the federal tax code and contains other pro-business components such as addressing the state's net operating loss carryforward period, responding to the *Wayfair* online sales tax decision, and reducing the food sales tax for consumers.

After the veto of Senate Bill 22, the Kansas business community worked hard with state legislators to balance the needs of the state and to limit the harmful impact of the state tax increases on Kansas families and businesses. HB 2033 takes \$90 million off the fiscal note for FY 2020 compared to SB 22.

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.

Many other states, including most recently New Mexico which is governed by a Democrat Governor and Democrat-controlled legislature, have decoupled from these key provisions.

From a specific policy-making standpoint, Kansas HAS historically taxed foreign dividends, but it has never taxed foreign income. That will happen without HB 2033. 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 adopt these federal provisions.

While it makes no sense in our view to tax the base-broadening provisions at the state level that were created to pay for lowering the federal corporate income tax rate, we have agreed to accept the limitation on interest deductibility imposed by 163(j) as part of our compromise efforts. We also agreed to forgo retroactive application on individual and corporate taxpayers.

In closing, we ask for your support of this important tax bill that protects Kansas businesses and individuals from a tax increase caused by the federal tax changes. Please feel free to contact us if you have any questions.

Sincerely,

**AGCO**  
**American Packaging**  
**AMC Theatres**  
**Air Liquide**  
**AT&T**  
**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 Grain and Feed 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**  
**Sprint**  
**Target**  
**Textron Aviation**  
**Topeka Independent Business Association**  
**Walmart**  
**Wenger Manufacturing**  
**Wichita Independent Business Association**  
**Wichita Regional Chamber of Commerce**