

**TESTIMONY OF
COREY D PETERSON
BEFORE HOUSE COMMITTEE ON TAXATION
HB 2162**

February 15, 2017

By Corey Peterson, Hemslöjd, Inc, Lindsborg, Kansas

Mister Chairman, Vice Chair Phillips, Ranking Minority Member Sawyer and members of the committee, my name is Corey Peterson. I am President and Owner of Hemslöjd, Inc. The Hemslöjd is a Scandinavian retail store located in Lindsborg, KS. It was founded in 1984. My wife, Denise, and I have been owners since 2011. We have 7 full time employees, an average of 14 part-time employees and usually 2 to 3 seasonal employees.

I am in support of House Bill 2162 and respectfully ask that you report it favorably for passage.

HB 2162 is a simple bill that increases the threshold for retailers required to pay expedited sales taxes on a monthly basis to the Department of Revenue. It is a bill of fairness and common sense. The threshold requiring this has not been increased for many years, although the sales tax rate imposed has increased significantly.

While finding historical data has been a challenge, in 2004, HB 2704 amended statute 79-3607, doubling the threshold determining quarterly and monthly filers from \$1,600 to \$3,200. The \$32,000 (in annual sales tax collected) threshold requiring the accelerated payment of sales tax remained unchanged. From this, I deduct that the \$32,000 threshold may date back to 1986 or even earlier.

Sales tax percentages have increased considerably during this time. For example, it appears in Lindsborg, they were collecting sales tax in 2005 at a rate of 6.50%. Today it is 9.50%. That is over a 46% increase in sales tax rate being collecting for the state and local governments. Yet, the threshold applied in K.S.A. Supp. 79-3607 remains at a level predating 2004. The modest increase in threshold to \$40,000 included in this bill (HB 2162) is not proportionate to the increases in rates, but it is a start.

I recognize the state of Kansas needs revenues and as soon as possible. This bill will not result in the loss of revenue, but it will assist many small business owners who diligently serve the state as collectors and remitters of sales taxes, by helping simplify their accounting and reporting, thus avoiding extra bookkeeping expenses and preventing acceleration of their payments by approximately 30 days.

Again, I support House Bill 2162 and ask that you report it favorably for passage. Thank you for your consideration.