

Senate Committee on Assessment and Taxation
Oral Support of House Bill 2162- Sales Tax Reporting Threshold
Presented by Eric Stafford, Vice President of Government Affairs



Friday, March 24, 2017

Madam Chair and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to testify in support of House Bill 2162 which amends K.S.A. 79-3607.

K.S.A. 79-3607 is a statute which sets the timeframe by which a retailer in our state is required to submit returns on the amount of sales and sales tax collected. Under current law, when a retailer collects \$80-\$3,200 in a calendar year, retailers are required to submit quarterly reports on or before the 25th day of the month following the end of each quarter. When the total tax liability exceeds \$3,200 in a calendar year, the retailer shall file a return for each month on or before the 25th day of the following month.

HB 2162 as originally introduced proposed to increase the top threshold of \$32,000 to \$40,000 of sales tax collected annually where a retailer is required to pre-pay the sales tax liability for the first 15 days of the month on or before the 25th of that month. As amended by the House, all three reporting thresholds have been increased.

This issue was brought forward through our tax work group last fall as a proposal that could help small businesses by limiting regulatory burdens placed on their business. It is our understanding the \$32,000 threshold has not been increased for some time, while the sales tax rate, both locally and at the state level, have increased substantially in some cases. Higher sales tax rates and a stagnant threshold impacts a larger number of businesses than what the threshold levels were intended to capture in our opinion.

We understand this could slightly delay payment of sales tax to the state and the fiscal note is simply a delay in receiving those dollars, not a reduction to the state. However, this reasonable increase in statute would relieve a burden placed on small businesses who are serving without compensation as the state's agent in the collection and remittance of sales tax.

We respectfully ask for your support of House Bill 2162 which would help relieve compliance costs for Kansas' small business owners. I am happy to answer any questions the committee may have on this issue.



The Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium and large employers all across Kansas.