



House Committee on Taxation
Support of House Bill 2177- Origin Sourcing of Sales Tax
Presented by Eric Stafford, Vice President of Government Affairs

Wednesday, February 15, 2017

Mister Chairman 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 2177 which would amend Kansas law to determine sales tax at the “origin” on intrastate transactions.

With the passage of House Bill 2005 in 2003, Kansas joined the Streamlined Sales and Use Tax Agreement which was an effort to bring uniformity and simplicity to state sales tax laws. Those who were around at the time will tell you that this was a big decision by the legislature which faced a lot of division among all parties including the business community.

One of the biggest changes from the passage of HB 2005 is Kansas became a “destination-based” sourcing state, meaning sales taxes would be collected at the destination of the purchaser, not the location of the seller (“origin”). For the 13 states that do not authorize local taxing authority, compliance from the business community focuses only on determining the state sales tax rate, if any, on purchases. But for a state like Kansas which has over 900 taxing jurisdictions, compliance is a nightmare. When a business provides products or services subject to sales tax in a community other than where they are located, they must determine the local tax rates on top of the state sales tax and accurately report the tax owed.

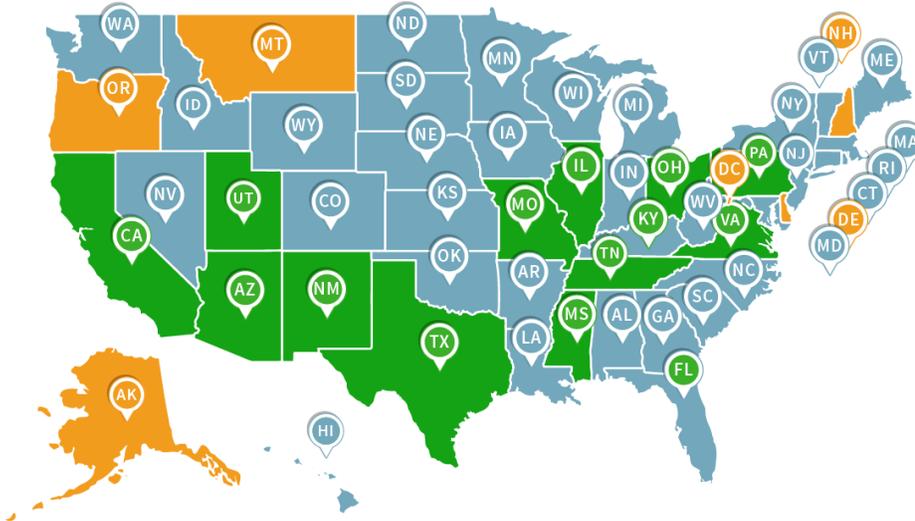
Prior to July 1, 2003, Kansas was an “origin-based” state so this wasn’t a problem. But in order to join the Streamlined Agreement, Kansas had to make the change. Several years ago, roughly 2010, legislation was introduced to move Kansas back to an origin-based state. Those efforts stalled because the change would have put Kansas out of compliance with the Streamlined Agreement and the state would have faced significant monetary penalties.



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.

Origin v. Destination Based Sales Tax Collection

Find your home state to determine whether you should collect sales tax based on your location or the location of your buyer.



Origin v. Destination-based Sales Tax Guide for Remote Sellers

Remote sellers are sellers based in one state but who have sales tax nexus and must collect sales tax in another state. Are you considered a "remote seller"? This is what you need to know about collecting sales tax at either the origin or destination-based sales tax rate in states where you sell remotely.

