



**Testimony in Support of HB2493**  
**Mr. Daniel Murray**  
**Kansas State Director, National Federation of Independent Business**

**House Taxation Committee**  
**Wednesday, January 24, 2018**

Mr. Chairman and members of the committee, thank you for the opportunity to present testimony in opposition to HB2493 on behalf of NFIB Kansas. NFIB Kansas is the leading small business organization in Kansas representing small and independent businesses. A non-profit, nonpartisan organization founded in 1943, NFIB Kansas represents the consensus views of its over 4,400 members throughout the state.

HB 2493 would amend the Kansas Retailers' Sales Tax Act to provide subpoena power to the Director of Taxation at the Department of Revenue for sales tax investigations. The bill would extend this subpoena power to an authorized agent of the Director of Taxation.

NFIB Kansas opposes this bill because it will give what we believe is an unneeded extension of legal power to an administrative branch of government that will lead to increased legal and compliance costs for small businesses. Tax and legal compliance costs are a major problem for small business owners who rarely have in-house professional staff to meet the demands of government regulations. Administrative tasks fall to owners, diverting them from their core businesses. In fact, lacking tax expertise, 89% of owners rely on outside tax preparers. Further, tax compliance costs are 67% higher for small businesses than for big businesses. Compliance costs small business owners \$18-\$19 billion per year. Paperwork costs come to \$74.24 per hour. The last thing small business needs is for the Department of Revenue to have another intimidating, costly compliance mechanism.

According to the fiscal note, "the Department of Revenue indicates HB 2493 has the potential to reduce costs by streamlining the audit process by reducing administrative and legal expenses for the Department. However, the cost savings are estimated to be negligible." If the cost savings are negligible, our members wonder why the legislature would change the law to give the "tax man" an additional tool to daunt small business owners.

Finally, if the committee decides to proceed with this legislation, we would respectfully recommend that an amendment be adopted to allow small employers to retain a portion of the sales tax they collect and remit to cover their cost. Over half of the states that have a retail sales tax allow vendors to keep a portion of the sales tax collections, including Kansas' neighbors Arkansas, Colorado, Missouri, North Dakota, Nebraska and Oklahoma. It's only fair that small retailers be compensated for serving as the state's tax collector.

Again, thank you for your consideration of our comments, and we urge you to oppose HB2493.