

OVERLAND PARK

K A N S A S

ABOVE AND BEYOND. BY DESIGN.

City Hall
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Overland Park, Kansas 66212
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Date: February 21, 2019
To: Chairman Steven Johnson and the House Committee on Taxation
From: City of Overland Park
Re: Written Testimony in Support of HB 2352

Thank you for allowing the City of Overland Park to submit testimony in support of for HB 2352. The City supports this legislation because it would create a simple and equitable means of collecting sales and use taxes for online transactions.

A growing percentage of consumers research a purchase in a local retail store then make their purchase online. This practice, along the fact that sales taxes are only rarely collected on internet sales, undermines the local business owner's ability to compete. As brick and mortar retailers struggle to adapt to the changing marketplace, it's imperative that taxation on internet sales be addressed to help level the playing field between internet and local retailers.

In addition to the revenues lost by local businesses, internet retail sales have also caused states and local governments to lose significant tax revenues. Retail sales and use taxes represent the largest single source of revenue for the City of Overland Park, and we estimate the City is losing approximately \$2 million per year in compensating use tax from uncollected internet sales. Sales and use taxes are the City's primary source of funds for street and other capital projects and, as state and federal funds available for these projects decrease, capturing these revenues will be critical to maintaining the high-quality infrastructure our constituents expect.

Finally, the collection of sales and use tax from internet sales is not a new tax, but one that has been difficult to enforce in the past. HB 2352 would finally create a system to collect sales taxes on internet purchases, halt the leakage of revenues duly owed to the City and State, and reduce the need for those governments to review and/or raise sales tax to make up for lost revenues.

Thank you for allowing the City to testify on this legislation. We respectfully request that the Committee advance HB 2352 to the full House.