



Senate Committee on Assessment and Taxation

Testimony in Support of Senate Bill 460

Presented by Eric Stafford, Vice President of Government Affairs

Thursday, March 12, 2020

Madam Chair and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. On behalf of the Kansas Chamber and our Kansas Retail Council, we appreciate the opportunity to testify in support of Senate Bill 460.

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. This is a statute which was amended during the 2017 session. This issue was brought forward through our tax work group in 2017 as a proposal that could help small businesses by limiting regulatory burdens placed on their business. It is our understanding then that the \$32,000 threshold had not been increased for some time, while the sales tax rate, both locally and at the state level, had increased substantially. 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.

Under previous law, when a retailer collects \$80 (now \$4,000) 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 \$4,000 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 also increased the top threshold 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.

SB 460 looks to increase these thresholds again and we support offering additional relief to retailers. We would also support eliminating the prepayment requirement in law and allow retailers the ability to pay at the end of the month, instead of estimating their monthly sales tax collections. We understand this change, along with the content of SB 460 could slightly delay payment of sales tax to the state. However, the fiscal impact 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 Senate Bill 460 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.