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**SENATE ASSESSMENT & TAXATION COMMITTEE
PROPONENT – JOINT WRITTEN TESTIMONY
SB 50**

KANSAS MARKETPLACE FACILITATOR AND CRITICAL 911 FUNDING

February 3, 2021

Chairwoman Tyson and Members of the Committee:

Kansas is considering legislation (SB50) that would require “marketplace facilitators” to collect and remit sales taxes on transactions when they facilitate a sale through their online marketplaces. Marketplace facilitators are companies like Amazon and eBay that provide an online marketplace for sellers to connect with buyers to facilitate a sale. Currently, Kansas is one of only three states with sales taxes that do not have marketplace facilitator collection provisions in statute.

Parity

Passing SB50 would ensure that marketplace facilitators follow the same collection and remittance requirements as “brick and mortar” sellers and other on-line sellers. This would ensure that sellers using a marketplace facilitator do not have a competitive advantage over other sellers who must collect and remit sales taxes. Kansas should not favor one sales channel (e.g., online sales through marketplace facilitators) over another (bricks and mortar sales or direct on-line sales). Passage of SB50 will also ensure that Kansas and its local governments with sales taxes will receive the appropriate revenues from all taxable transactions.

Public Safety and Prepaid Wireless Point-of-Sale (POS) 911 Fees

Regarding sales of prepaid wireless service, Kansas Statutes (KSA 12-5371) currently require sellers of prepaid wireless service to collect the prepaid wireless 911 fee in addition to the sales tax. Prepaid providers have worked closely with Public Safety and with retailers over the years to develop the POS model which includes procedures that closely mirror those used for the sales tax collection and remittance process. This charge is and will continue to be an integral component of 911 funding in Kansas.

SB50, as introduced by the Committee on Assessment and Taxation, would require marketplace facilitators selling prepaid wireless service to collect the prepaid 911 fee in addition to the sales tax beginning on January 1, 2022. This language is contained in subsections (d) and (e) of Section 2 of the bill. Enactment of SB50 with this provision will ensure parity between marketplace facilitators and other sellers of prepaid wireless service for both sales taxes and 911 fees.

Regarding the above effective date for adding the Kansas 911 requirement, marketplace facilitators are already required to collect the 911 fee on prepaid wireless sales in two states; Washington (effective January 1, 2020) and Vermont (effective July 1, 2021). SB 50 takes the step of recognizing and allowing marketplace facilitators time to update their platforms to meet the Kansas 911 collection requirements.



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We encourage all Senators to support the inclusion of subsections (d) and (e) of Section 2 in SB50.