

House Committee on Taxation

Opposition House Bill 2384- Subjecting certain services to sales tax

Presented by Eric Stafford, Vice President of Government Affairs



Tuesday, March 21, 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 represents small, medium and large employers across the state. We appreciate the opportunity to testify in opposition to House Bill 2384 which proposes to subject a variety of new personal services to taxation. Those services are:

- 488410 – motor vehicle towing
- 561611 – investigation services
- 561612 – security guards and patrol services
- 561621 – security system services (except locksmiths)
- 561720 – non-residential cleaning services under janitorial services
- 812111 – barber shops
- 812112 – beauty salons
- 812113 – nail salons
- 812199 – other personal care services such as day spas, hair removal salons, saunas, ear piercing services, steam or Turkish baths, tanning salons, hair replacement (except at a doctor’s office) or weaving services, massage parlors, tattoo parlors, and permanent makeup salons
- 812910 – pet care (except veterinary services)
- 812930 – parking lots and garages/valet parking services
- 812990 – dating services under all other personal services

Our 2017 legislative agenda adopted by our board of directors states that our organization will “oppose efforts which would subject professional services to sales tax.” Several of the services included in HB 2384 would subject business-to-business transactions to sales tax, which we strongly oppose.

Several of the national tax organizations including the Council of State Taxation (COST) oppose business-to-business sales tax on services as proposed under HB 2384. In one COST study on sales tax, they state “A properly designed sales tax on consumption would impose a uniform tax on all goods and services sold to households, but would not impose any tax on business purchases of intermediate goods and services. Sales taxes on business input purchases have significant adverse state economic development implications.” If it is the will of the committee to expand the sales tax base, we would respectfully request an exemption for business-to-business transactions to avoid double taxation and/or taxing business inputs.

In addition to the taxation of new services listed under this proposal on business inputs, our greatest fear from HB 2384 is that this is the camel’s nose under the tent as a step in the direction of taxing professional services.

Thank you for the opportunity to provide written opposition to House Bill 2384, and I am happy to answer questions at the appropriate time.



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.