



Written Testimony In Support of House Bill 2756
House Taxation Committee
Ed Eilert, Chairman, Johnson County Board of County Commissioners
March 1, 2018

Dear Chairman and Committee Members:

Thank you for the opportunity to write in support of House Bill 2756 which requires retailers receiving gross receipts of \$50,000 from sales into the state of Kansas to collect and remit sales or use tax.

Current law requires only retailers with nexus to collect and remit Kansas sales or use tax. Individuals who purchase products remotely and don't pay compensating use tax are required to report it on their K-40 tax form. Unfortunately, a small percentage of Kansans actually report. This is not a new tax, but a new way for Kansas to collect taxes due the state, counties and cities.

Based on the U.S. Supreme Court case *Quill vs. North Dakota* in 1992 businesses are only required to pay sales state when they have nexus in the state. Remote sales, primarily internet sales have increased since 1992 and while sales tax collection declined. Brick and mortar stores are at 7 – 10% disadvantage (depending on location) because they are required to collect and remit sales tax, while remote sellers are not.

It is time for Kansas to update collection of sales tax laws to be fair to all businesses as many states are doing. This past year the U.S. Supreme Court agreed to hear *South Dakota v. Wayfair* dealing with this issue.

Johnson County's State Legislative Platform statement encourages the Kansas Legislature to pass legislation facilitating the collection of compensating use tax from purchases made from sellers (with no physical presence in a state). Sales tax collected should be distributed using existing methods/formulas for the state and local governments.

I close by requesting you pass HB2576 out of committee favorably to the full House.