

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman John Edmonds at 9:00 a.m. on February 3, 2004 in Room 519-S of the Capitol.

All members were present except:

- Representative Scott Schwab- excused
- Representative Tom Sawyer- excused
- Representative Vaughn Flora- excused

Committee staff present:

- Chris Courtwright, Legislative Research Department
- Martha Dorsey, Legislative Research Department
- Gordon Self, Revisors of Statutes
- Carol Doel, Committee Secretary

Conferees appearing before the committee:

- Joan Wagnon, Secretary of Revenue
- Rich Prem, Amazon.com
- Burt Wagner,

Others attending:

See Attached List.

Chairman Edmonds opened the meeting for bill introductions.

Representative Larkins requested three bills.

1. A bill to increase the threshold for the requirement to file monthly sales tax returns from above \$1,600 in total sales tax liability in a calendar year to above \$3,200 in total sales tax liability in a calendar year,
2. A bill to propose a one-time sales tax credit not to exceed \$1000, which could be taken by a small business retailer as a deduction against collected state and local sales tax remitted with a retailer's sales tax return, for costs actually incurred and properly documented for the purchase of computer hardware or other equipment, computer software, or modification of computer software necessary for implementation of the destination-based sourcing rules enacted in 2003 House Bill 2005.
3. A bill to authorize the department of revenue to waive interest and penalties that would otherwise be due on additional local sales or use tax assessed against a retailer, when such additional liability is due to reasonable errors made by the retailer in attempting to implement the destination-based sourcing rules enacted in 2003 House Bill 2005

Hearing no objections, The Chairman accepted those three bills for introduction.

Representative O'Malley requested the introduction of two bills.

1. A bill to create a tax decrement district for flood plain mediation.
2. A bill to provide a 25% income tax credit not to exceed \$1000 for external maintenance on homes older than fifty years and valued under \$200,000.

With no objections, The Chairman accepted those two bills for introduction.

Chairman Edmonds requested the introduction of two bills.

1. A bill relating to property tax on antique cars.
2. A bill relating to fuel tax on vehicles that are manufactured prior to 1940 that rely on steam power.

CONTINUATION SHEET

MINUTES OF THE HOUSE TAXATION COMMITTEE at 9:00 a.m. on February 3, 2004 in Room 519-S of the Capitol.

With no objections. Those two bills will be accepted.

Chairman Edmonds recognized Joan Wagon, Secretary of Revenue, who distributed her speaking agenda regarding the department's new electronic database for sales tax rates (Attachment 1) after which, she introduced Rich Prem, State and Local Tax Director for Amazon.com.

Mr. Prem started his briefing by introducing Burt Wagner, General Manager of Amazon.com in Coffeyville. On April 1, 2004 Amazon.com will start collecting sales tax on customer shipments into Kansas. On the 2004 projections, they are expecting to have between 17 and 20 million dollars worth of sales to the State of Kansas and they estimate the taxes they will be collecting in 2004 would be between \$1,000,000 and \$1.2 million .

Mr. Wagner attempted to do a power point projection, however with failure of the equipment, he gave a brief verbal history of Amazon.com and supplied members of the committee with a printed copy which covered where the company started and by whom as well as its' global offering and a pictorial of the Coffeyville, Kansas facility. (Attachment 2)

Jim Hill, Director of Public Policy and Government Affairs, addressed the committee. Mr. Hill stressed the importance of an educated work force which they have been able to find in Coffeyville. Amazon.com requires a high school diploma or a GED (graduate equivalent) in order to obtain employment. (No Attachment)

Rich Prem, State and Local Tax Director for

Amazon.com, came before the committee again explaining that E-commerce is growing at a rapid pace. He also stated that shipping and handling was one of the biggest problems they face. Kansas alone has over 700 sales tax jurisdictions to be taken into consideration when shipping to Kansas customers. Also of major concern is the effects of streamlined sales tax on businesses. (No Attachment)

Chairman Edmonds announced that do to the lack of time, the hearing on **HB 2484** would have to be postponed and rescheduling would be announced at a later time.

Meeting adjourned at 10:32.





# K A N S A S

JOAN WAGNON, SECRETARY

DEPARTMENT OF REVENUE  
POLICY AND RESEARCH

KATHLEEN SEBELIUS, GOVERNOR

## MEDIA ADVISORY

Revenue Secretary Joan Wagon will speak to the press and area retailers about the department's new electronic database for sales tax rates, which should simplify reporting under the new destination sourcing rules. Currently, retailers file in as many as 752 sales tax jurisdictions. An alternate filing system will be explained which reduces the number of jurisdictions to 301.

Mike Cormaci of **Watch Systems** will demonstrate how individuals and businesses can use the new technology to obtain sales tax jurisdiction codes and rates for their customers. Watch Systems, in conjunction with KDOR, has developed an electronic sales tax rate and jurisdiction code locator. By accessing KDOR's web site: [www.ksrevenue.org](http://www.ksrevenue.org) taxpayers can obtain both the applicable sales tax rate and jurisdiction code by entering an address, a zip code, or by latitude & longitude coordinates. When individuals and businesses use the department's new sales tax locator technology, they are relieved of liability for inaccurate sales tax rates.

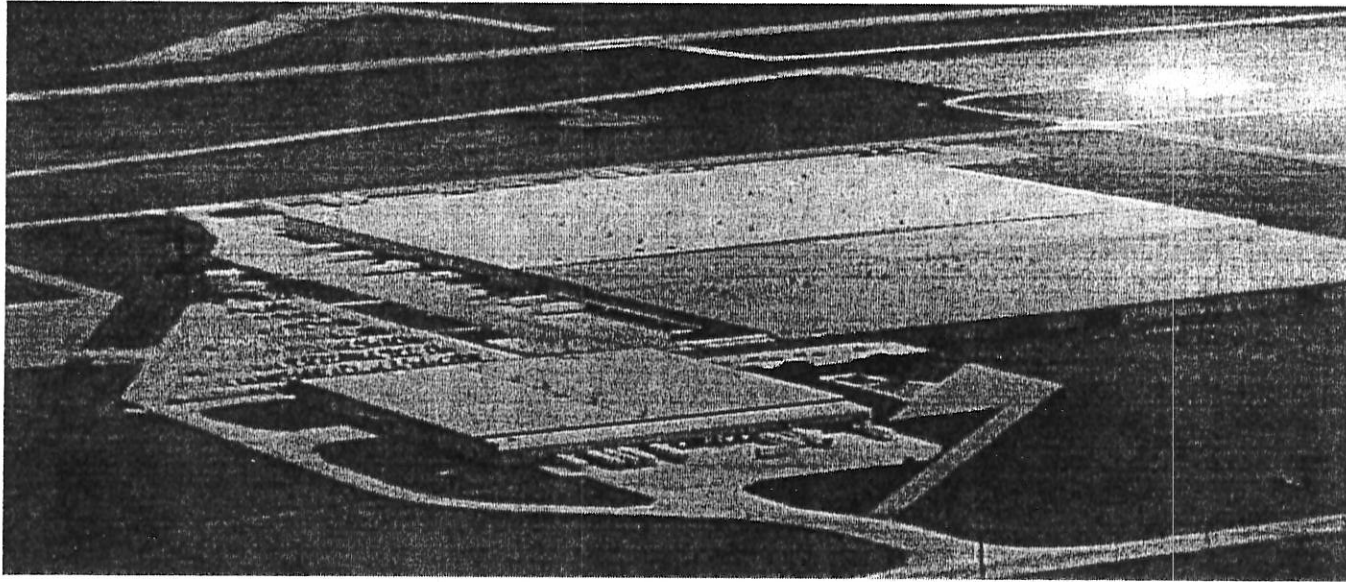
Department personnel will also demonstrate a simplified electronic sales tax filing system and the use of the new alternative jurisdiction codes.

The press conference and technical clinic will be held at the following locations:

<b>Feb. 9, 2004</b>	2:00 PM	Olathe City Hall, 100 W. Santa Fe, Olathe, KS
	5:00 PM	Cabellas in Village West, King Salmon Rm, I-435 & State Avenue, Kansas City, KS
<b>Feb. 10, 2004</b>	8:00 AM	Topeka & Shawnee County Public Library, Rm 101A 1515 SW 10 <sup>th</sup> , Topeka, KS
	12:15 PM	State Capital, 1 <sup>st</sup> Floor Rotunda, Topeka, KS
	4:00 PM	Holiday Inn, 200 MacDonald Drive, Lawrence, KS
<b>Feb. 11, 2004</b>	2:00 PM	Memorial Auditorium, 5 <sup>th</sup> & Pine, Pittsburg, KS
<b>Feb. 12, 2004</b>	10:00 AM	Wichita State University, Hughes Metro Complex, 29 <sup>th</sup> & Oliver, Wichita, KS
	2:00 PM	Hutchinson City Offices, 125 East Ave "B", Hutchinson, KS
<b>Feb. 13, 2004</b>	9:00 AM	Downtown Salina Inc., 114A South 7 <sup>th</sup> , Salina, KS
	2:00 PM	Manhattan Chamber, 501 Poyntz Ave, Manhattan, KS

Contact: Ron Grant (785) 296-2481 work (785) 221-5361 cel  
DOCKING STATE OFFICE BUILDING, 915 SW HARRISON ST., TOPEKA, KS 66612-1588  
Voice 785-296-3081 Fax 785-296-7928 <http://www.ksrevenue.org/>

HOUSE TAXATION  
Attachment 1  
Date 2-3-04



HOUSE TAXATION  
Attachment 2  
Date 2-3-04

# Amazon.com History

2-2

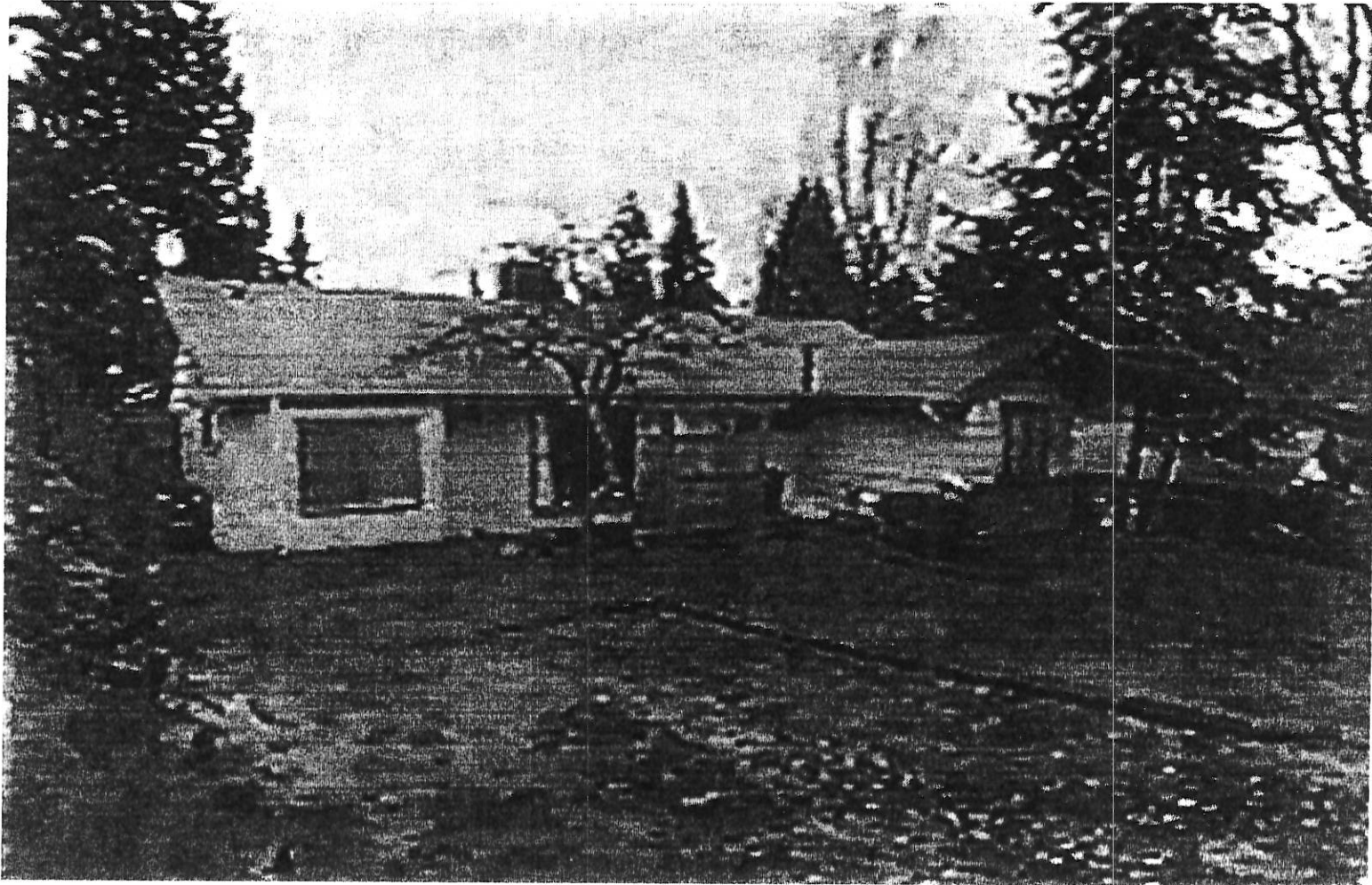
- Jeff Bezos founded Amazon.com in July 1994 with a vision of building the Earth's most customer centric company where visitors can find and discover anything they want to buy online.
- That vision has grown from an online bookstore run out of Bezos' garage to a fortune 500 company operating in six countries with a selection that includes millions of products in an ever-growing number of categories.

# Amazon.com History

## Where it all started....

23

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# Amazon.com

Founded July 1994 by Jeffrey P. Bezos

Mission Statement – Amazon.com seeks to be the world's most customer-centric company – a place where people can find and discover anything they want to buy online.

## Websites

- Amazon.com (United States-Launched July, 1995)
- Amazon.co.uk (United Kingdom-Launched October 15, 1998)
- Amazon.de (Germany-Launched October 15, 1998)
- Amazon.co.jp (Japan-Launched November 1, 1999)
- Amazon.fr (France-Launched August 29, 2000)
- Amazon.ca (Canada-Launched 2002)



# Amazon.com History

*Our store has changed a lot*



Welcome to Amazon.com  
Books!

*One million titles,  
consistently low prices.*

(If you explore just one thing, make it our personal notification service. We think it's very cool!)

## SPOTLIGHT! -- AUGUST 16TH

These are the books we love, offered at Amazon.com low prices. The spotlight moves EVERY day so please come often.

## ONE MILLION TITLES

Search Amazon.com's million title catalog by author, subject, title, keyword, and more... Or take a look at the books we recommend in over 20 categories... Check out our customer reviews and the award winners from the Hugo and Nebula to the Pulitzer and Nobel... and bestsellers are 30% off the publishers list...

## EYES & EDITORS, A PERSONAL NOTIFICATION SERVICE

Like to know when that book you want comes out in paperback or when your favorite author releases a new title? Eyes, our tireless, automated search agent, will send you mail. Meanwhile, our human editors are busy previewing galleys and reading advance reviews. They can let you know when especially wonderful works are published in particular genres or subject areas. Come in, meet Eyes, and have it all explained.

## YOUR ACCOUNT

Check the status of your orders or change the email address and password you have on file with us. Please note that you do not need an account to use the store. The first time you place an order, you will be given the opportunity to create an account.

*Then ('95) -- \$511K In Revenue*

Amazon Exclusive!!  
Order a Segway now!  
It's only at Amazon

amazon.com

VIEW CART | WISH LIST | YOUR AC

WELCOME	JASON'S STORE	BOOKS	APPAREL & ACCESSORIES	ELECTRONICS	TOYS & GAMES	MUSIC	VIDEO	HOME GARDE
	WOMEN	MEN	KIDS & BABY	SHOES	ACCESSORIES & JEWELRY	MATERNITY	STORE DIRECTORY	

SEARCH

Apparel

GO

WEB SEARCH

GO

Powered by Google

BROWSE

Categories

- Accessories
- Big & Tall
- Jewelry
- Kids & Baby
- Maternity
- Men
- Men's Dress Shirt Store

Apparel & Accessories  
1,000+ brands. One cart.

Celebrate Summer in Style

Women | Men | Kids & Baby | Shoes | Accessories & Jewelry  
Maternity | Plus Sizes | Browse Brands



Save up to 50% on apparel and accessories. Shop in Women, Men, Shoes, and Accessories, and visit Today's Deals for even more spe

*Dec ('03) -- \$5.26 Billion*


2-5

# Amazon.com Today

- **#1 online retail destination worldwide**
- **\$5.26 B in net sales (TTM from Q4)**
- **33M active customer accounts**
- **Order fulfillment: > 220 countries**
- **Industry-leading conversion rates**
- **World's 74<sup>th</sup> most valuable brand**
- **Employs 7,000 Associates**
- **Headquarters: Seattle, WA**

# Global offerings

	amazon.com.	amazon.co.uk	amazon.de.	amazon.co.jp.	amazon.fr.	amazon.ca.
Books	✓	✓	✓	✓	✓	✓
Music	✓	✓	✓	✓	✓	✓
DVD / Video	✓	✓	✓	✓	✓	✓
Video Games/SW	✓	✓	✓	✓	✓	
Third Party Sellers	✓	✓	✓	✓		
Electronics	✓	✓	✓	✓		
Kitchen & Housewares	✓	✓	✓			
Toys & Baby	✓	✓				
Travel	✓	✓				
Computers	✓					
Office Products	✓					
Apparel & Accessories	✓					

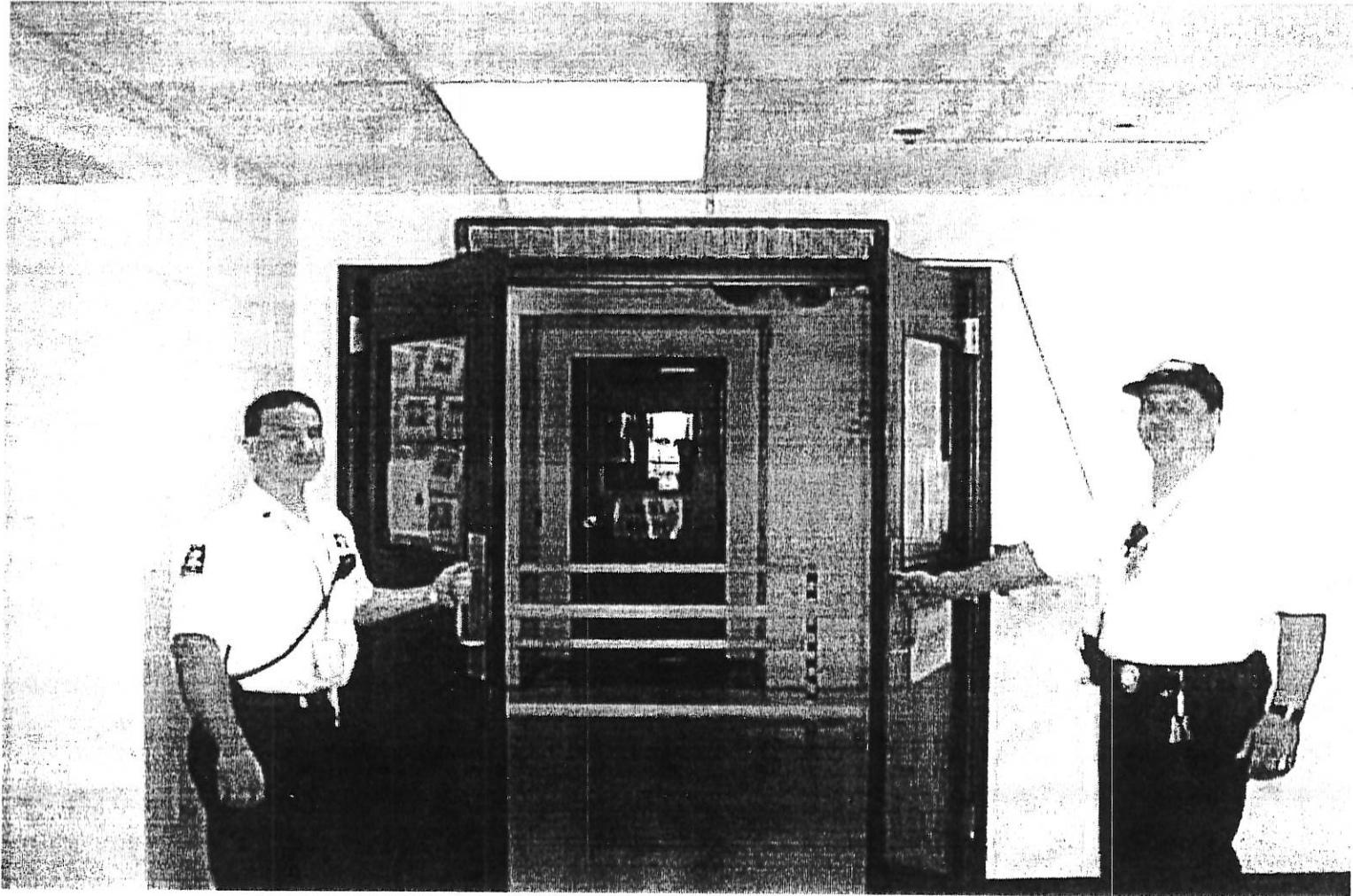
 = 1999  
 = 2003

Global e-commerce leader, with > **33 million active customers** around the world.

# Amazon.com KSFC

- Building is just under 1 million square feet
- 1 of 3 automated buildings worldwide
- 1 of 10 Amazon.com facilities:
  - ❖ Fernley, NV
  - ❖ Coffeyville, KS
  - ❖ Grand Forks, ND
  - ❖ Campbellsville, KY
  - ❖ Lexington, KY
  - ❖ New Castle, DE
  - ❖ Japan
  - ❖ Germany
  - ❖ France
  - ❖ United Kingdom
- Over 22 miles of conveyor belt
- 375 full-time Associates; over 1,000 during peak season
- We handle all Amazon.com product lines

# Welcome to the Virtual Tour of the Kansas Facility



# Receive



# 1 of 2 Receiving Docks

2-11



# Forklift Driver in the Racks

2-182

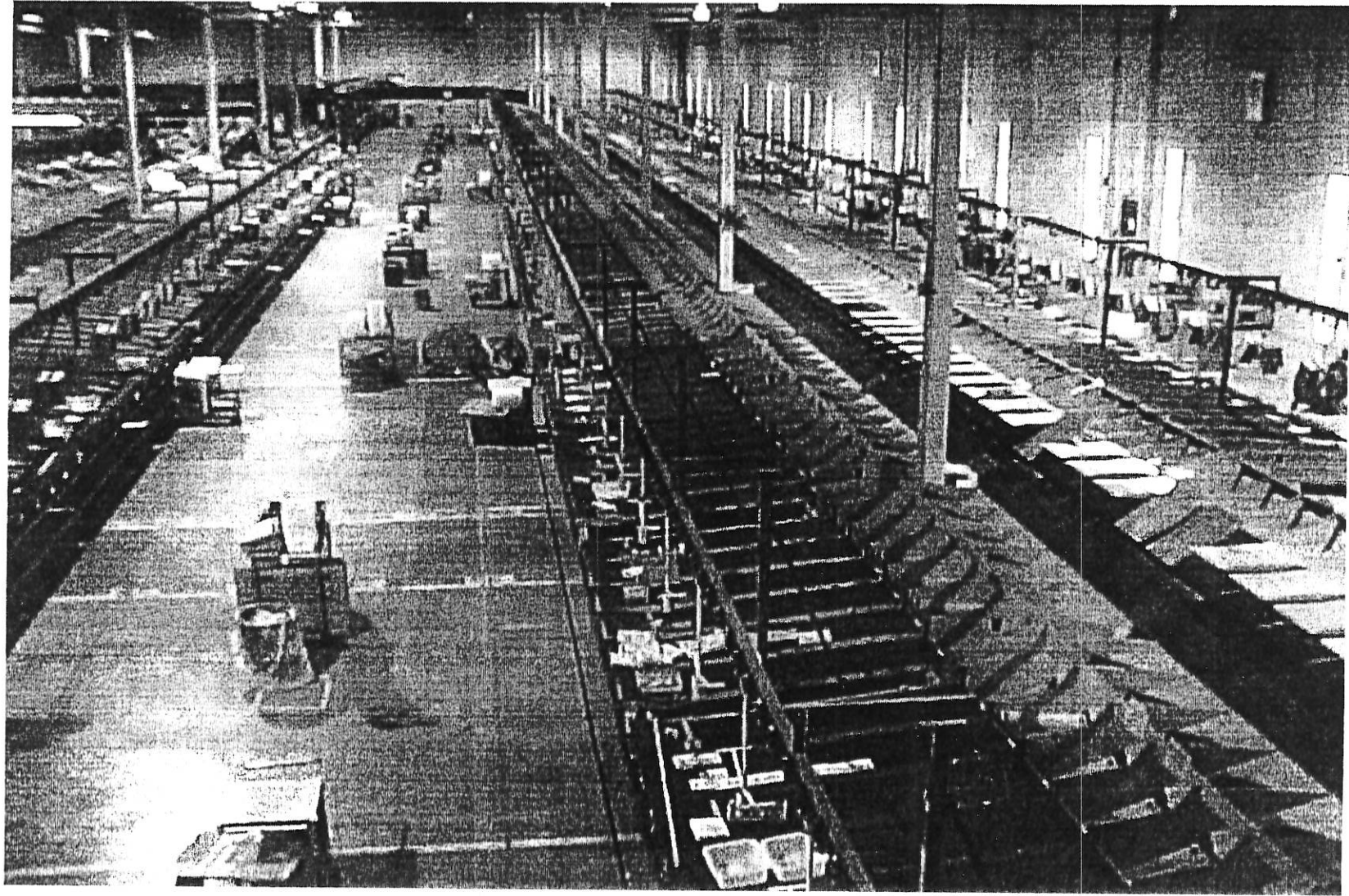




# Filling Orders Via RF Technology



# Order Assembly



# Large Item Packing

2-15



# Shipping

