



The Historic Lackman-Thompson Estate
11180 Lackman Road
Lenexa, KS 66219-1236
913.888.1414
Fax 913.888.3770
www.lenexa.org

TO: Rep. Steven Johnson, Chair
Members, House Taxation Committee

FROM: Ashley Sherard, Vice-President
Lenexa Chamber of Commerce

DATE: Feb. 15, 2017

RE: HB 2177 – Reinstating Origin-Based Sales Tax Sourcing for Certain Transactions

The Lenexa Chamber of Commerce appreciates the opportunity to provide input on HB 2177, which would reinstate origin-based sales tax sourcing for intra-state sales that are not internet-based.

We recently surveyed Lenexa Chamber members who engage in the collection of sales tax regarding this proposal. Respondents included brick-and-mortar sellers with primarily in-store transactions, brick-and-mortar sellers whose goods are primarily shipped/delivered, and businesses that provide sales taxable services in multiple locations. Most of the respondents' taxable transactions occur within Kansas.

Nearly all survey respondents supported the change proposed in HB 2177, primarily citing a much simpler and significantly reduced administrative burden that would enable greater efficiency and less cost. Respondents reported that current destination-based sourcing is "labor-intensive" and the "bookwork is tremendous" and "creates a high level of ongoing administrative overhead," even with specialized software and update subscription services available to businesses who can afford them (it was clear from survey responses that, for whatever reasons, not all businesses utilize those resources.)

Respondents believed that providing for origin-based sourcing, even under limited circumstances, would make their calculating, tracking, and reporting sales tax "simplified" and "smoother" and result in "a cost savings over the long run." They indicated the benefit to them would be worth the effort and expense to make the change, and overall were very much in favor of the proposal.

I do want to note that one respondent opposed the change on policy grounds, and a couple of others expressed concern that this effort to "help" might somehow ultimately result in more complication or burden instead.

In additional comments, a few respondents also acknowledged that, while they support the change, it will have an impact on local communities.

We appreciate this opportunity to share input provided directly by our business members on this issue and we hope you will find it useful in considering HB 2177. Thank you.