

SESSION OF 2017

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2162

As Amended by Senate Committee on
Assessment and Taxation

Brief*

HB 2162, as amended, would make several changes relating to the timing of sales tax remittances by retailers.

The bill would increase, as of January 1, 2018, the threshold filing amounts for retailers from \$80 to \$400 for annual filing; from \$3,200 to \$4,000 for quarterly filing; and from \$32,000 to \$40,000 for monthly filing. A requirement that amounts greater than \$40,000 (currently \$32,000) be filed on a prepaid monthly basis would be repealed July 1, 2018.

Background

During the hearing before the House Committee on Taxation, an individual and representatives from the Kansas Chamber, the National Federation of Independent Businesses, and the Lenexa Chamber of Commerce spoke in support of the bill, stating the change in the upper threshold amount would relieve the reporting burden placed on businesses that serve as collection agents for sales tax revenue. No opponent or neutral testimony was provided.

On March 7, the House Committee amended the bill to increase the threshold amounts for annual and quarterly filings (the bill as introduced would not have increased those threshold amounts) and to change the effective date from July 1, 2017, to January 1, 2018.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

During the Senate Assessment and Taxation Committee hearing on March 24, the House proponents reiterated their support for the legislation. On April 3, the Senate Committee amended the bill to include the provision that would repeal the prepayment requirement for certain large retailers as of July 1, 2018.

The latest fiscal information provided by the Department of Revenue indicated the House-passed version of the bill would reduce sales tax receipts in FY 2018 by \$3.2 million. Of this amount, \$2.683 million would be attributable to a reduction in State General Fund (SGF) receipts; and \$0.517 million would be attributable to a reduction in State Highway Fund (SHF) receipts.

On April 3, the Department stated the Senate Committee amendment would be expected to reduce FY 2019 sales tax receipts by \$94.0 million (\$78.815 million in SGF receipts and \$15.185 million in SHF receipts).