

To: The House Committee on Taxation  
From: Tim Danneberg, City of Olathe  
Subject: Written Only Testimony in Favor of HB 2352  
Date: February 21, 2019



Chair Johnson and Honorable Tax Committee Members,

Please consider this letter our testimony in favor of House Bill 2352. This bill provides for changes to nexus for the sales and use tax law, requires tax collection by marketplace facilitators; and imposes sales tax on digital products.

Local Sales Tax is a primary and foundational revenue stream essential for effective municipal operations. As internet sales have increased over the years and the look of retail has shifted to more online sales, local retail or "brick and mortar" slippage has had a commensurate impact on the local option sales tax revenue collections. This dynamic shift from local retail sales to a mixture of both online and traditional "brick and mortar" has created inequities within the retail industry. Traditional "brick and mortar" stores continue to support local municipalities through their contributions to local sales tax collections while many online retailers enjoy an unfair respite.

Passage of HB 2352 would facilitate the collection of online sales or compensating use tax and mitigate this inequity between online retailers and "brick and mortar" and provide an avenue for a balanced retail environment including both local option sales and compensating use tax. Remitted local option sales tax and compensating use taxes should be distributed utilizing current methods for state and local governments.