



Testimony in Support of SB460

Mr. Daniel Murray

Kansas State Director, National Federation of Independent Business

Senate Assessment & Taxation Committee

March 12, 2020

Chair Tyson and members of the committee, I am pleased to submit testimony in strong support of SB460 on behalf of NFIB Kansas. NFIB Kansas is the leading small business organization in Kansas representing small and independent businesses. A non-profit, nonpartisan organization founded in 1943, NFIB Kansas represents the consensus views of its almost 4,000 members in Kansas.

The NFIB supports SB460, which increases the threshold filing amounts for retailers to submit sales taxes to the state. Specifically, the bill would increase the threshold amounts from \$400 to \$15,000 for the annual filing; from \$4,000 to \$25,000 for quarterly filings; and from \$40,000 to \$50,000 for the monthly filings. Thus, sales tax amounts greater than \$50,000 would be prepaid on a monthly basis. Specific to the annual sales tax threshold, it determines whether retailers are required to prepay sales taxes in the first 15 days of every month based upon collections from the subsequent calendar year to the Department of Revenue. Under current law, when the total retail sales tax collected for the state by a retailer exceeds \$40,000 in any calendar year, the retailer is required to pay the sales tax liability for the first 15 days of each month to the director on or before the 25th day of that month. SB460 would increase that threshold from \$40,000 to \$50,000. These changes will give much-needed breathing room for small retailers.

The state sales tax rate has jumped to 6.5% in recent years. Therefore, even if prices remained flat on goods, retailers are collecting larger amounts of sales tax on the same amount of goods sold they sold 5 years ago. It is only fair and reasonable to increase the threshold to account for the increase in sales tax rate. Additionally, the prices of goods and services has naturally increased due to inflation. Thus, regardless of the sales tax rate increase, it is reasonable to revisit and increase the threshold from time to time. The change will not result in less sales tax remitted to the state. It will only change whether some smaller retailers are required to prepay monthly their sales tax collections based upon the previous year's collections.

Finally, the collection and remittance of sales tax by retailers is a costly and burdensome state requirement. **Unlike our neighboring states, Kansas retailers are not compensated for their role in serving as the state's tax collector. We continue to support the allowance for retailers to retain a portion of sales tax they collect for the state to account for their cost and burden.** Such proposal is not before you today, but we urge the legislature to consider this allowance in the future.

Thank you for the opportunity to submit comments and we urge you to pass out SB460 favorably.