



**Senate Committee on Assessment and Taxation
Testimony in Support of Senate Bill 41
Presented by Eric Stafford, Vice President of Government Affairs**

Thursday, January 26, 2023

Madam Chair and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber represents small, medium and large businesses of all industry segments across the state. The Kansas Chamber appreciates the opportunity to testify in support of Senate Bill 41, which would establish a retailer reimbursement credit for the collection of sales tax on behalf of the state.

Under the umbrella of the Kansas Chamber is the Kansas Retail Council which focuses on retail-specific policy issues of importance to retailers in the state. Our advisory board is made up of both multi-state large retailers, as well as small, independent Kansas retailers. One issue the Retail Council has expressed support for is a credit on the amount of sales tax paid to the state. Currently, 27 states offer this relief to offset costs associated with sales tax remittance (see attached chart on next page).

SB 41 offers up to a \$300 per month credit with a cap of 1.5% of the total remitted to the state. How state's handle this credit varies greatly, but most offer a fixed dollar maximum either per month or annually. For example, Alabama has a \$400/month max, has a 5% rate on the first \$100, but 2% on anything over \$100. Arizona has a 1% credit capped at \$10,000 annually.

There's no right or wrong approach. However, we ask the Legislature to acknowledge the role private industry plays in serving as the state's tax agent, and supporting policies that help businesses offset software and other costs associated with compliance.

In closing, we would ask for your support of Senate Bill 41, and I am happy to answer questions at the appropriate time.



STATE SALES TAX RATES AND VENDOR DISCOUNTS

(January 1, 2022)

STATE	STATE SALES		VENDOR	
	TAX RATE	RANK	DISCOUNT	MAX/MIN
ALABAMA	4.0%	41	5.0%-2.0% (1)	\$400/month (max)
ALASKA	-----N/A-----			
ARIZONA	5.6%	28	1.0% (9)	\$10,000/year (max)
ARKANSAS	6.5%	9	2.0%	\$1,000/month (max)
CALIFORNIA	7.25%	1	None	
COLORADO	2.9%	46	4.0% (4)	
CONNECTICUT	6.35%	12	None	
DELAWARE	-----N/A-----			
FLORIDA	6.0%	16	2.5%	\$30/report (max)
GEORGIA	4.0%	41	3.0%-0.5% (1)	
HAWAII	4.0%	41	None	
IDAHO	6.0%	16	None (5)	
ILLINOIS	6.25%	13	1.75%	\$5/year (min)
INDIANA (2)	7.0%	2	0.73% (2)	
IOWA	6.0%	16	None	
KANSAS	6.50%	9	None	
KENTUCKY	6.0%	16	1.75%-1.5% (1)	\$50/month (max)
LOUISIANA	4.45%	36	0.84%	\$1,500/month (max)
MAINE	5.5%	29	None (5)	
MARYLAND	6.0%	16	1.2%-0.90% (1)	\$500/return (max)
MASSACHUSETTS	6.25%	13	None	
MICHIGAN	6.0%	16	0.5% (6)	\$6/month (min), \$15,000/month (max)
MINNESOTA	6.875%	6	None	
MISSISSIPPI	7.0%	2	2.0%	\$50/month (max)
MISSOURI	4.225%	39	2.0%	
MONTANA	-----N/A-----			
NEBRASKA	5.5%	29	2.5%	\$75/month (max)
NEVADA	6.85%	6	0.25%	
NEW HAMPSHIRE (10)	-----N/A-----			
NEW JERSEY	6.625%	8	None	
NEW MEXICO	5.125%	31	None	
NEW YORK	4.0%	41	5.0%	\$200/quarter (max) small sellers only
NORTH CAROLINA	4.75%	35	None	
NORTH DAKOTA	5.0%	32	1.5%	\$110/month (max)
OHIO	5.75%	27	0.75%	
OKLAHOMA	4.5%	36	None	
OREGON	-----N/A-----			
PENNSYLVANIA	6.0%	16	1.0%	\$25/month (min)
RHODE ISLAND	7.0%	2	None	
SOUTH CAROLINA	6.0%	16	3.0%-2.0% (1)	\$10,000/year (max)
SOUTH DAKOTA	4.5%	36	1.5%	\$70/month (max)
TENNESSEE	7.0%	2	None	
TEXAS	6.25%	13	0.5% (7)	
UTAH (3)	4.85%	34	1.31%	
VERMONT	6.0%	16	None	
VIRGINIA (3)	4.3%	39	1.1%-0.56% (8)	
WASHINGTON	6.5%	9	None	
WEST VIRGINIA	6.0%	16	None	
WISCONSIN	5.0%	32	0.5%	\$10/period (min), \$1,000 (max)
WYOMING	4.0%	41	1.95%-1.0% (1)	\$500/month (max)
DIST. OF COLUMBIA	6.0%	16	None	
U. S. MEDIAN	6.0%			27 states allow vendor discounts

Source: Compiled by FTA from various sources.

(1) In some states, the vendors' discount varies by the amount paid. In AL and SC, the larger discounts apply to the first \$100. In GA, the larger discount applies to the first \$3,000. In KY, the larger discounts apply to the first \$1,000, while MD applies the larger discount to annual collections of \$6,000. In WY, the larger discount applies to the first \$6,250. The lower discounts apply to the remaining collections above these amounts.

(2) Utilities are not permitted to take discount. Collection allowances are 0.73% if total sales tax collected is less than \$60,000; 0.53% if total taxes is between \$60,000 and \$600,000; 0.26% if total sales tax collected is more than \$600,000.

(3) Rate does not include a statewide local rate of 1.0% in VA and 1.25% in UT. In UT, a discount of 1% is applicable to local taxes.

(4) Local option sales tax discount varies from 0% to 3.33%.

(5) Vendors are allowed to keep any excess collections prescribed under the bracket system.

(6) Vendor discount only applies to the first 4.0% of the tax. A 0.75% discount if paid by the 12th of the month.

(7) An additional discount of 1.25% applies for early payment.

(8) Discount varies; 1.1% (1.6% for food) of the first \$62,500, 0.84% (1.2%) of the amount to \$208,000, and 0.56% (0.8%) of the remainder. Applies to the state tax only. No discount allowed on electronically file returns.

(9) In Arizona, vendor discount rate is 1.2% for electronic filers with a \$12,000 annual maximum.

(10) New Hampshire imposes a 8.5% tax on meals and rooms, with a vendor discount of 3%.