

SB 109 Proponent Testimony  
Kansas Restaurant & Hospitality Association  
February 4, 2025  
Chris Arnold, River City Brewing

Chair and members of the committee I am Chris Arnold, owner of River City Brewing in Wichita. On behalf of myself and the Kansas Restaurant & Hospitality Association we support SB 109 because it recognizes the expense we incur collecting taxes for the State of Kansas.

There are several forms of hard costs required to collect taxes for the state of Kansas. We incur direct card fees and indirect administrative burdens that require increased levels of training and point of sale processing knowledge. Let's begin with the direct card fees. We are required to pay an average of 2.78% fee to the credit card companies on the sales tax we are required to collect. Here are a few points of data to consider when we are thinking about the cost of collections we incur. In my shop, credit cards were used for 89.5% of every transaction. If we remitted to the State \$100,000 in taxes we would pay \$2,780 to the card processor to process that fee. If we remitted to the State \$300,000 we would pay \$8,340 to the processor. It's a simple math formula.

On top of direct expenses, we have administrative burdens. This committee has removed several of those over the years and I certainly appreciate not having to advance the State my cash flow. However, many of the burdens are fundamental to our processes to make sure our reporting and remittance is appropriate. I'm certainly glad my store is not in Topeka as we don't have state employees requesting on the spot not-for-profit certificates from State employees. That's a pain during a busy lunch rush.

Basically, we pursued a career in food and service rather than becoming a tax collector and accounting. SB 109 provides a retailer a small benefit of up to \$300 a month for collecting the state's tax at their cost. We'd take more if you saw fit. The State Chamber included in their testimony a summary of the ways other states provide a measure of equitable relief that I would encourage you to review. In addition, here is a study from the State of Washington analyzing this issue that we have presented in the past: <https://dor.wa.gov/content/retailers-cost-collecting-and-remitting-sales-tax-study>

To conclude, SB 109 is a reasonable way to think about the collection burdens and costs placed on our retailers to collect Kansas taxes.