



**Senate Committee on Assessment and Taxation
Testimony in Support of Senate Bill 109
Presented by William Wilk, Senior Director of Government Affairs**

Tuesday, February 4th, 2025

Madam Chair and members of the committee, my name is William Wilk, Senior Director of Government Affairs for the Kansas Chamber of Commerce. The Kansas Chamber represents small, medium, and large-sized businesses across the state advocating for policies to improve the economic climate in Kansas. The Kansas Chamber is also the state affiliate for the National Retail Federation and on behalf of the Kansas Retail Council, we appreciate the opportunity to submit proponent testimony on Senate Bill 109, which will provide a credit to retailers for the collection of sales and compensating use tax.

Our advisory board of the Kansas Retail Council is made up of both multi-state large retailers, as well as small and independent retailers. One issue the Retail Council has expressed support for a credit on the amount of sales tax paid in the state. Currently, 30 states offer this relief to offset costs associated with sales tax remittance.

Senate Bill 109 offers up to a \$300 per month credit with a cap of 1.5% of the total remitted to the state. How states manage this credit varies, but most offer a fixed dollar maximum either per month or annually. For example, Alabama has a \$400/month maximum, has a 5% rate on the first \$100, but 2% on anything over \$100. Arizona has a 1% credit capped at \$10,000 annually.

The Kansas Department of Revenue currently has an agreement with Missouri, Oklahoma, and Nebraska to provide discounts to offset the cost of collecting and reporting another state's tax. The discounts currently in effect are Missouri at 2%; Nebraska at 2.5% up to the first \$3,000 in tax remitted per month for maximum discount of \$75, and Oklahoma at 1% with their total discount limited to \$2,500.

There is 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 109, and I am happy to answer questions at the appropriate time.



Vendor discounts for filing sales tax on time, a state-by-state guide



Gail Cole Dec 30, 2024

This post has been updated to reflect new state policies; it was originally published in January 2019.

To view this post click [here](#).

All states penalize businesses for filing and/or remitting sales tax late. Many states also reward vendors for filing and remitting sales tax on time. In fact, over half of all states offer a vendor discount to businesses that file sales tax returns and remit sales tax payments by the due date, and some even sweeten the pot for businesses that file sales tax early.

Rewards for filing and paying sales tax on time (and correctly) vary by state and generally range from 0.25% to a whopping 5% of the tax due. For instance:

- Alabama has tiered rates ranging from 2% to 5% based on the amount of tax due, plus a maximum discount cap
- New York offers a generous 5% discount with a maximum discount of \$200 per quarter
- Nevada provides a 0.25% discount with no cap

Even the smallest discounts can add up to significant savings over time, so it’s good to know which states offer them. Small businesses operating with tight margins may find them particularly beneficial. As a matter of fact, [the Colorado vendor discount is only available to small businesses](#).

Read on for a list of state discounts for filing and remitting sales tax on time.

State	Sales tax timely filing discounts
Alabama	5% on the first \$100 of sales tax due, 2% of all tax over \$100; monthly sales tax discount may not exceed \$400; the discount for local sales tax is the same as for state sales tax,

State	Sales tax timely filing discounts
	<p><i>but non-state-administered local taxes may have a different discount rate</i></p> <p><i>Eligible sellers may retain a discount of 2% of the simplified sellers use tax of 2% of the simplified sellers use tax due on the first \$400,000 of taxes collected and remitted, not to exceed \$8,000 per month</i></p> <p><i>Electronic payment information must be transmitted by 4:00 p.m. (CT) on or before the due date to be considered timely</i></p> <p><i>No discount for timely filing local sellers use tax, consumer use tax, local consumers use tax, or state and local rental tax</i></p> <p><i>There are different vendor discounts for other taxes, including but not limited to lodging tax, state casual sales and use tax, and state contractor gross receipts tax</i></p> <p><i>Alaska</i></p> <p><i>Varies by jurisdiction; for example, the Kenai Peninsula Borough (see Sales Tax Quick Facts) offers a 5% on-time credit limited to \$1,000 per quarter</i></p> <p><i>Arizona</i></p> <p><i>Paper TPT filers can claim an accounting credit of 1% of the tax due to a maximum of \$10,000 per calendar year; electronic TPT filers can claim an accounting credit of 1.2% to a maximum of \$12,000 per calendar year, but only if they file all their TPT returns electronically for the calendar year; only applies to state transaction privilege tax (not local TPT)</i></p>

State	Sales tax timely filing discounts
Arkansas	2% to a maximum of \$1,000 per month; the 2% discount is allowed for local sales tax accounts (to a maximum of \$1,000 per city and county reported); local use tax accounts are not eligible for the 2% discount
California	None
Colorado	<p>4% of the tax due (up to \$1,000 per filing period); as of January 1, 2022, not available to businesses whose taxable sales during the filing period exceeded \$1 million</p> <p>The service fee for timely filing local option sales tax ranges from 0% to 4%</p>
Connecticut	None
Delaware	N/A
Florida	2.5% of the first \$1,200 due; maximum of \$30 per report; only available to taxpayers who file and pay electronically
Georgia	3% on the first \$3,000 of state and local sales and use tax, 0.5% on the remainder; taxpayers required to file electronically will not receive vendor's compensation if a paper return or payment is submitted (download Sales and Use Tax Returns and Addendums for more information)

State	Sales tax timely filing discounts
Hawaii	None
Idaho	None
Illinois	<p><i>Retailers' discount is 1.75% of the tax collected; effective January 1, 2025, the maximum discount for sales and use tax and other related returns is \$1,000 per month</i></p> <p><i>Discount will be calculated for taxpayers that file electronically using MyTax Illinois</i></p>
Indiana	<i>Retail merchant's collection allowance of 1%</i>
Iowa	None
Kansas	<p><i>Retailers in Missouri, Nebraska, and Oklahoma are eligible for a discount on collected Kansas Retailers' Compensating Use Tax at the following rates: 2% for Missouri vendors; 2.5% for Nebraska vendors up to the first \$3,000 in tax remitted per month, with a maximum discount of \$75; and 1% for Oklahoma vendors, with a maximum discount of \$2,500</i></p>
Kentucky	<i>Vendor's compensation allowed is 1.75% on the first \$1,000, 1.5% on the remainder; maximum of \$50 per month</i>

State	Sales tax timely filing discounts
Louisiana	<p><i>Vendor's compensation for state sales tax is 1.05% of total amount of sales and use taxes due; as of January 1, 2025, maximum compensation drops from \$1,500 per month to \$750 per month</i></p> <p><i>Because the state sales tax rate increases from 4.45% to 5% on January 1, 2025, the effective rate of vendor's compensation as of January 1 is 0.84%</i></p> <p><i>The \$750 maximum compensation is applied per dealer, even if a dealer operates more than one business location in the state</i></p> <p><i>No vendor's compensation is allowed for taxes levied pursuant to La. R.S. 47:321.1</i></p> <p><i>The compensation requirement for local taxes is repealed effective January 1, 2025</i></p>
Maine	None
Maryland	<i>1.2% on the first \$6,000 collected and 0.9% on the amount above \$6,000; maximum of \$500 per return</i>
Massachusetts	None

State	Sales tax timely filing discounts
Michigan	<p><i>Discount allowed for timely filing applies to 0.6667 of the sales and/or use tax collected at the 6% rate (2/3 of the tax due); if tax is remitted before the 12th of the month, the taxpayer can take an allowance of .75% and the maximum discount is \$20,000; if tax is remitted between the 13th and the 20th of the month, the taxpayer can take an allowance of .5% and the maximum discount is \$15,000</i></p> <p><i>Accelerated filers who pay tax by the 20th should calculate the discount using this formula: Tax x .6667 x .005; there's no maximum discount; accelerated payments must be filed electronically</i></p> <p><i>Rate and maximum discount vary depending on reporting frequency and amount of tax filed</i></p>
Minnesota	None
Mississippi	<p><i>2% of liability, limited to \$50 per calendar reporting period and not to exceed \$600 per calendar year</i></p>
Missouri	<p><i>2% of the tax due</i></p>
Montana	N/A
Nebraska	<p><i>3% of the first \$5,000 of sales tax collected each month (\$150 per month per location in Nebraska)</i></p>

State	Sales tax timely filing discounts
Nevada	<i>0.25% of state sales tax collected</i>
New Hampshire	N/A
New Jersey	None
New Mexico	None
New York	<i>5% vendor collection credit allowed for quarterly and annual filers; maximum of \$200 per quarterly or annual reporting period; the credit is not available to monthly filers</i>
North Carolina	None
North Dakota	<i>Sales tax permit holders may retain 1.5% of the combined state sales, use, and gross receipts tax, with a maximum of \$110 per month; wholesalers may deduct 1.5% of the tax due, with a maximum of \$100 per month</i>
Ohio	<i>0.75 of 1% of the tax liability reported on line 6 of the Universal Sales Tax return.</i>

State	Sales tax timely filing discounts
Oklahoma	None
Oregon	None
Pennsylvania	<i>The lesser of \$25 or 1% of the tax collected for monthly filers; the lesser of \$75 or 1% for quarterly filers; the lesser of \$150 or 1% for semi-annual filers</i>
Rhode Island	None
South Carolina	<p><i>When the total tax due is less than \$100, the discount is 3% of the tax due; when the total tax due is \$100 or more, the discount is 2% of the tax due; for taxpayers filing paper returns, the maximum discount is \$3,000 per fiscal year; for taxpayers filing electronically, the maximum discount is \$3,100 per fiscal year</i></p> <p><i>Out-of-state sellers not required by law to collect South Carolina sales and use tax who voluntarily register to do so are allowed a maximum discount of \$10,000 each fiscal year</i></p>
South Dakota	<i>1.5% of the gross amount of the tax due; maximum of \$70 per return period; applies to electronic filers only</i>
Tennessee	<i>Tennessee provides a vendor's compensation deduction for out-of-state businesses not required by law to be registered in the state that file returns on time; the deduction is 2% of</i>

State	Sales tax timely filing discounts
<p>Texas</p> <p>Utah</p> <p>Vermont</p> <p>Virginia</p>	<p><i>the first \$2,500 of state tax due; 1.15% of the amount over \$2,500 on each report</i></p> <p><i>A similar discount for vendors required to collect Tennessee sales tax was in effect from July 1, 2022, through June 30, 2023</i></p> <p><i>0.5%; monthly and quarterly filers may take an additional discount of 1.25% on prepayments</i></p> <p><i>1.31% of the total amount of tax due for monthly returns filed electronically; quarterly and annual filers may not take the seller discount</i></p> <p>None</p> <p><i>Compensation is 0.8%, 1.2%, or 1.6%, depending on the volume of monthly taxable sales, of the first 3% of the state tax due; no compensation is allowed for the remainder of the state sales tax or for local tax</i></p> <p><i>For dealers with monthly taxable sales of \$0 to \$62,500, the discount is 1.116%; for dealers with monthly taxable sales of \$62,501 to \$208,000, the discount is 0.837%; for dealers with monthly taxable sales of \$208,001 and up, the discount is 0.558%; no discount allowed if average monthly sales tax liability exceeds \$20,000</i></p>

State	Sales tax timely filing discounts
Washington	None
West Virginia	None
Wisconsin	<p><i>For sales taxes payable on or after October 1, 2023: If the total sales tax due is \$0 to \$10, the discount is equal to the total sales tax; if the total sales tax due is \$10 to \$1,333, the discount is \$10; if the total sales tax due is greater than \$1,333, the discount is the total sales tax amount times 0.0075 but cannot exceed \$8,000 per reporting period</i></p> <p><i>For sales taxes payable on or prior to September 30, 2023: If the total sales tax due is \$0 to \$10, the discount is equal to the total sales tax; if the total sales tax due is \$10 to \$2,000, the discount is \$10; if the total sales tax due is greater than \$2,000, the discount is 0.005 but cannot exceed \$1,000 per reporting period</i></p>
Wyoming	<p><i>Vendors may keep a credit of 1.95% of the total tax due; maximum of \$500 per filing period, per vendor; returns and payments must be postmarked by the 15th of the month to qualify for the vendor compensation credit</i></p>
District of Columbia	None

[Avalara Returns](#) can simplify the filing and remittance of sales tax returns, increasing the likelihood you'll file and remit on time.

