



February 10, 2021

The Honorable Adam Smith
Chair, Committee on Taxation
Kansas State House
300 SW 10th Street
Room 185-N
Topeka, KS 66612

Dear Chair Smith and Members of the Committee,

I write today in support of House Bill 2173, which would simplify the collection of sales and use tax in Kansas by requiring marketplace facilitators, like Amazon, to collect the tax on third-party sales through marketplaces. Amazon collects and remits sales and use taxes for our U.S.-based retailers in all 45 states which impose a statewide sales tax, including Kansas. Amazon also complies with the law in the 42 states, plus the District of Columbia and Puerto Rico, which have marketplace laws that mirror the provisions included in HB 2173.

Our customers and selling partners are not usually tax experts, and given the U.S. Supreme Court's decision in the *Wayfair* case in 2018, many remain confused or worried about their responsibilities under the different state laws. This legislation – similar to that enacted in the majority of states across the country – resolves that confusion and places the responsibility squarely on marketplace facilitators like Amazon.

Further, this legislation is crucial for protecting Kansas's small and medium sized business partners. Without HB 2173, enforcement against the millions of individual marketplace sellers – some of which are foreign – would strain the resources of the state department of revenue, resulting in uncollected tax and putting businesses, particularly those at the local level, at a serious disadvantage.

One question that has arisen during the debate in Kansas is whether marketplace facilitators should also collect and remit the e911 fees associated with prepaid wireless plans. In June 2020, we worked with the Council on State Taxation (COST) to review the issue, along with other interested third-party sellers and telecommunications companies. The resulting agreement acknowledged that states may be inclined to add other taxes and fees to marketplace facilitator legislation, but if they do so, there should be a two year delay before the effective date of any other taxes and fees. The majority of online marketplaces do not currently have the technological capability to collect and remit other taxes and fees. This allows time to develop the coding, test it within existing systems, and fully integrate it into the online marketplace. We support an effective date of July 1, 2022 to provide time to complete the necessary upgrades to ensure compliance, consistent with the spirit of the two-year-delay compromise reached among all parties via COST. Therefore, we oppose any attempts to set an earlier effective date for any other taxes and fees.

601 New Jersey Ave NW
Washington, DC 20001

Based on our experience complying with similar laws in other states, we believe HB 2173 will level the playing field for all retailers, an outcome that we have long supported. We respectfully encourage your support for this legislation with an effective date of July 1, 2021 for sales and use taxes and July 1, 2022 for e911 fees.

Sincerely,

A handwritten signature in black ink, appearing to read "Brian Huseman". The signature is fluid and cursive, with a large initial "B" and "H".

Brian Huseman
Vice President, Public Policy