



February 9, 2021

Written Testimony Regarding HB 2173

Mark Manning, Finance Director, City of Wichita

The City of Wichita is supportive of efforts by the Kansas Legislature to ensure that cities and counties have adequate tax revenues to provide important services to our residents and to provide a level playing field for local businesses.

Sales tax revenues fund vital infrastructure improvements and other services (like public safety) that are important to City of Wichita residents. This important revenue source has been threatened by untaxed remote sales. Remote sales have grown significantly and will continue to rise. This is an ominous trend for communities financing local government services. Estimating the loss due to non-taxed remote sales is challenging, but it is believed to be around \$1 million annually for the City of Wichita (and millions more for the State of Kansas). This gap is expected to widen each year.

Wichita has many local businesses that generate sales tax revenue for both the State, Sedgwick County and (through the distribution of a share of countywide collections) the City of Wichita. These businesses can face an unequal playing field when forced to compete with remote sellers that don't collect sales tax from their Kansas customers. In Wichita this amounts to the equivalent of a 7.5% price advantage. This is unfair to Kansas brick and mortar retailers. Ensuring a fair and equitable taxing structure for local retailers (by addressing the taxability of remote sales) is an appropriate policy discussion that is supported by the City of Wichita.