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**House Taxation Committee
Neutral – Oral Testimony
HB 2173**

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Chairman Smith and Members of the Committee,

My name is John Cmelak, State Tax Policy Director for Verizon - West Region. Verizon supports HB 2173, which creates parity between brick and mortar retailers, online retailers, and Marketplace Facilitators in the collection of sales and use tax from all Internet consumers as of **July 1, 2021**.

Verizon also supports creating parity on the collection of 911 fees on prepaid wireless. The 2011 Legislature enacted the Kansas 911 Act, which created the prepaid wireless 911 fee. The fee is paid by consumers of prepaid wireless service and collected at Point-of-Sale (POS) by sellers, whether in-store or online. At the time the Kansas 911 law was enacted, the legislature did not distinguish Marketplace Facilitators as being different from retailers. Therefore, current law is unclear whether Marketplace Facilitators are required to collect the 911 fee on prepaid wireless, shorting the state of critical revenues to support the statewide 911 system.

Last session HB 2014 included a provision requiring Marketplace Facilitators to collect 911 fees on prepaid wireless as of **July 1, 2021**. However, the bill did not progress due to the COVID-19 shutdown. Over the interim, the Kansas Chamber held several conference calls with the telecommunications industry, retailers and marketplace facilitators to discuss a workable date that would allow Marketplace Facilitators sufficient time to update their software to begin collecting the 911 fee on prepaid wireless.

In October 2020, all parties to the conference call agreed to a compromise of extending the effective date from **July 1, 2021** to **January 1, 2022**. After the fact, one stakeholder (*Amazon*) indicated they did not agree, insisting the date be pushed out further and, consequently, HB 2173 was introduced with an effective date of **July 1, 2022**. Therefore, I would ask the committee's consideration to amend the effective date, as the majority of stakeholders (*Verizon, T-Mobile, AT&T, Best Buy and Walmart*) agreed upon, to no later than **January 1, 2022** – the same effective date as in SB 50 – introduced by the Kansas Chamber in the Senate.

Please note Marketplace Facilitators are already required to collect the prepaid wireless 911 fee in two states: Washington (effective **January 1, 2020**) and Vermont (effective **July 1, 2021**). Postponing the date to collect 911 fees in Kansas any later than **January 1, 2022** would further extend the disparity and preferential treatment between marketplace facilitators and retailers that currently collect the 911 fee on prepaid wireless.

Money from the 911 fee helps Kansas communities provide critical emergency services for 911 call centers. The funds help pay for expenses such as purchasing new equipment, upgrading existing systems and training fees. Collecting 911 fees ensures that money is available for NG-911, resulting in better emergency service to Kansans. The sooner Marketplace Facilitators begin collecting the prepaid wireless 911 fee on sales through their marketplaces, the sooner that all Kansans will contribute to funding critical 911 services.

Thank you for your consideration and support of HB 2173 with an amendment requiring Marketplace Facilitators to collect prepaid 911 fees beginning **January 1, 2022**.