



Molly Kocour Boyle
President – AT&T Kansas
T: 913-634-9404
Molly.Kocour.Boyle@att.com



Patrick Fucik
Director State Government Affairs
T: 913.31509155. M: 913-687-5548
Patrick.r.fucik@t-mobile.com



John Cmelak
Director of State Tax Policy – West Area
T: 925-279-6789
john.cmelak@verizonwireless.com

**HOUSE TAXATION COMMITTEE
NEUTRAL – WRITTEN TESTIMONY
HB 2173**

KANSAS MARKETPLACE FACILITATOR AND CRITICAL 911 FUNDING

February 10, 2021

Chairman Smith and Members of the Committee:

Kansas has introduced three bills (SB 50, HB 2173 and HB 2225) that would require “marketplace facilitators” to collect and remit sales taxes on transactions when they facilitate a sale through their online marketplaces. Marketplace facilitators are companies like Amazon and eBay that provide an online marketplace for sellers to connect with buyers to facilitate a sale. Currently, Kansas is one of only three states with sales taxes that do not have marketplace facilitator collection provisions in statute.

Parity

Passing any of the three bills would ensure that marketplace facilitators follow the same collection and remittance requirements as “brick and mortar” sellers and other on-line sellers. This would ensure that sellers using a marketplace facilitator do not have a competitive advantage over other sellers who must collect and remit sales taxes. Kansas should not favor one sales channel (e.g., online sales through marketplace facilitators) over another (bricks and mortar sales or direct on-line sales). Passage of any of the three bills will also ensure that Kansas and its local governments with sales taxes will receive the appropriate revenues from all taxable transactions.

Public Safety and Prepaid Wireless Point-of-Sale (POS) 911 Fees

Regarding sales of prepaid wireless service, Kansas Statutes (KSA 12-5371) currently require sellers of prepaid wireless service to collect the prepaid wireless 911 fee in addition to the sales tax. Prepaid providers have worked closely with Public Safety and with retailers over the years to develop the POS model which includes procedures that closely mirror those used for the sales tax collection and remittance process. This charge is and will continue to be an integral component of 911 funding in Kansas.

HB 2173, as introduced in the Committee on Taxation, would require marketplace facilitators selling prepaid wireless service to collect the prepaid 911 fee beginning on **July 1, 2022**. This language is contained in subsections (d) and (e) of Section 2 of the bill. SB 50 is virtually identical to HB 2173 except that it has a beginning date of **January 1, 2022**. HB 2225, a third marketplace facilitator bill, has been introduced by the Governor’s Tax Council. It contains a beginning date for the collection and remittance of the prepaid wireless 911 fee of **July 1, 2021**.

Regarding the above effective date for adding the Kansas 911 requirement, marketplace facilitators are already required to collect the 911 fee on prepaid wireless sales in two states; Washington (effective **January 1, 2020**) and Vermont (effective **July 1, 2021**). All three Kansas bills take the step of recognizing and allowing marketplace facilitators time to update their platforms to meet the Kansas 911 collection requirements.

Consistent with the neutral position previously mentioned, we encourage all Representatives to consider the merits of the respective bills, choosing a beginning 911 fee collection date that’s in the best interests of Kansans and public safety.