

SESSION OF 2002

SUPPLEMENTAL NOTE ON SENATE BILL NO. 540

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

SB 540 would authorize the Department of Revenue to become a signatory to the multistate streamlined sales and use tax agreement and make preparations for its implementation, which would not occur until such time as the Legislature takes further action to bring the state's laws into compliance with the agreement.

The Department would be specifically required to identify all changes in law and rules and regulations necessary and sufficient to meet the agreement's compliance requirements.

The bill also provides that the Secretary of Revenue or his designee is authorized to represent Kansas before other states participating in the streamlined sales tax project or that are signatories to the agreement. Appointees of the Senate President, House Speaker, Senate Minority Leader, and House Minority Leader also would be authorized to represent Kansas. All such appointees would be paid compensation, subsistence allowances, mileage, and other expenses as provided in KSA 75-3223.

Background

SB 540 is identical to SB 252, which passed the Senate during the 2001 Session, except for the additional provision authorizing one appointee each by the Senate President, House Speaker, Senate Minority Leader, and House Minority Leader to represent the state as part of the Kansas delegation to the streamlined sales tax meetings.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.accesskansas.org/legislature/>

Proponents included KCCI, the League of Kansas Municipalities, and the Kansas Association of Counties.

The Special Committee on Assessment and Taxation recommended that the 2002 Legislature act favorably on the legislation "to allow Kansas to be a full participant in the ongoing multistate streamlined discussions."

Legislation enacted in 2000, the "Streamlined Sales Tax System for 21st Century Act," authorized the Department of Revenue to enter into discussions and agreements with other states in an effort to construct a system to collect taxes on transactions involving remote sellers.

That law includes explicit findings by the Legislature that state and local tax systems should treat transactions in a competitively neutral manner to strengthen and preserve sales and use taxes as a vital revenue source; and that states working together have the opportunity to develop a simple, uniform, and fair system of taxation absent federal "mandates of interference."

The Department was authorized to develop along with other states "joint requests of information" from potential public and private parties governing the specifications for a multi-state, voluntary, streamlined system of sales and use tax collection and administration. The Department also was authorized to participate in a sales tax pilot project with other states and selected businesses to test methodologies for simplifying administration of the system. Kansas is currently one of four states selected to be directly involved in the pilot project.

The 2000 law also established a legislative oversight committee and required the Department to report to the Governor, the President of the Senate, the Speaker of the House, the Senate Minority Leader, the House Minority Leader, and the oversight committee by March 1, 2001, on the status of the multi-state discussions and to recommend whether the state should participate in any proposed system arising out of such discussions. Recommendations of the oversight committee included the introduction of the Kansas version of the Uniform Sales and Use Tax Administration Act embodied in SB 540.

Proponents included the League of Kansas Municipalities and the Kansas Association of Counties.

