

from our viewpoint...

Sales tax changes cause confusion

A new streamlined sales tax law was to take effect at the start of the new fiscal year on July 1, but Gov. Sebelius almost immediately announced a six month grace period before the state begins enforcing this new law.

The new law, which was passed by the legislature in the waning days of the session is designed to try to help collect the Internet and catalog sales Kansas and most other states believe they are not getting. For Kansas the estimates are between \$70 and \$120 million in revenue Gov. Sebelius told those at the Buffalo Inn last week.

For several years the states have been trying to push the federal government to allow the collection of sales tax on Internet sales. There is a belief that allowing the Internet sales to go untaxed is an unfair advantage and a disadvantage to the Main Street merchants.

It would seem more of a disadvantage to the cities, counties and states not to be receiving the tax money more than it is a problem for the city merchants who are now collecting the sales taxes and passing them onto the state.

It has been our experience that as things are purchased through the Internet there is as little thought about the sales tax being paid or not paid as there is when going to buy groceries or a meal at a local business. We realize the tax is added on when the bill is rung up, and sometimes it is a bit larger than expected, but unless one is really adding things up with a calculator while shopping the total is not known until the final item is tallied.

Sebelius said the new sales tax law changes the whole system because it will now be a destination sales tax rather than depending on where the item is being purchased directly. That means that sending a newspaper to a subscriber in Wichita will have to have the sales tax of the Wichita area figured rather than the sales tax level of Goodland where the paper was manufactured.

Mayor Rick Billinger brought the new sales tax up while the city commissioners were discussing the budget for next year Tuesday evening. He said there is no way to tell what effect this new system will have on the smaller cities, but he felt it may be a way to send more sales tax money to the bigger cities and cut the money for the smaller cities.

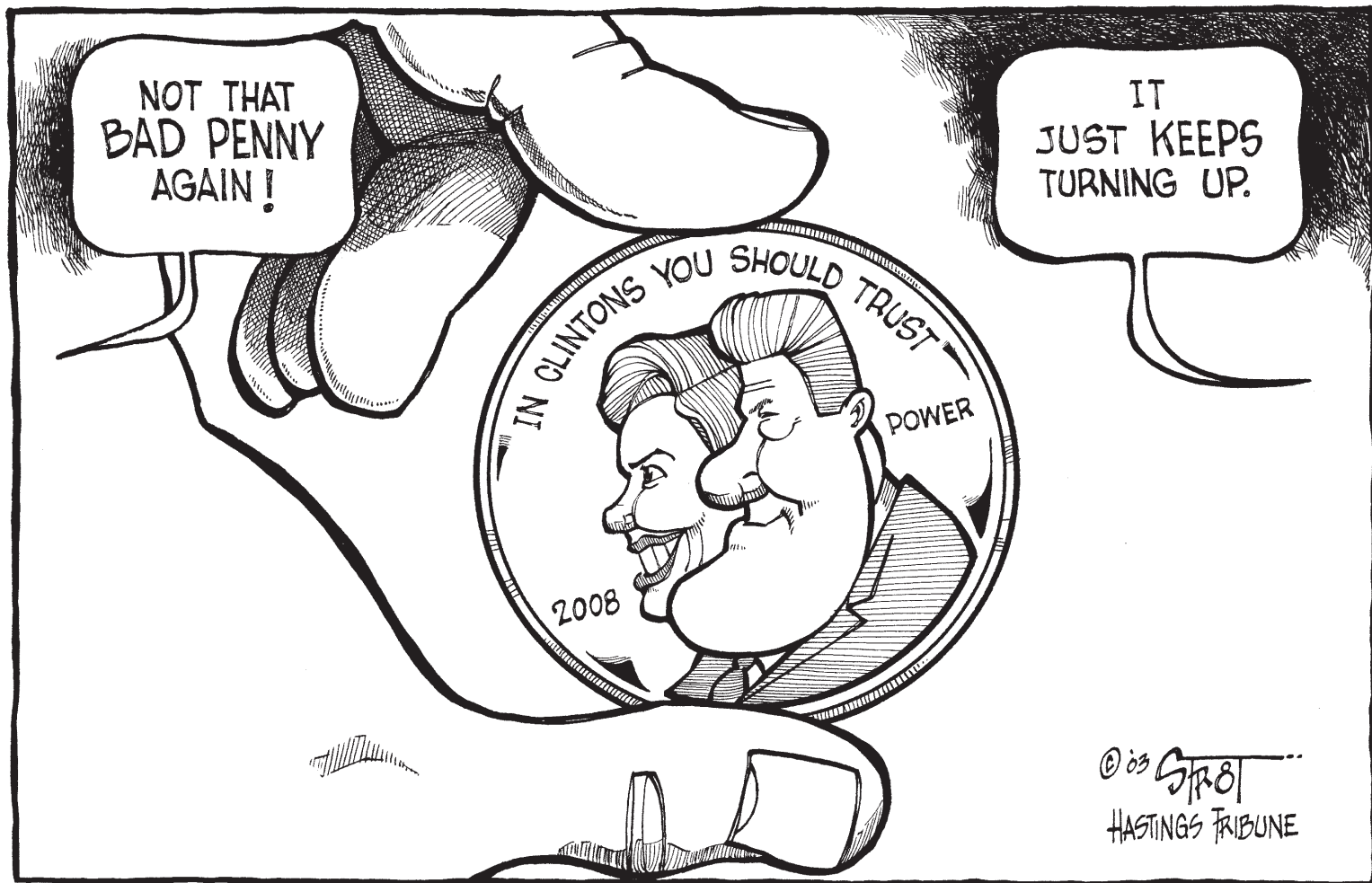
At first thought he may be right, but then again everyone who shops in the bigger cities who is from Goodland should be paying more taxes to Goodland because the destination of the good bought will be here rather than the city where they are being purchased.

Does that mean that every time you go to pay for what you purchased in the city you will have to show an identification card like your drivers license so they can send the taxes to the right city?

There are over 700 different sales tax entities in the state, and lots of different sales tax levels. It is no wonder that the Governor and the legislature are giving everyone a grace period since they do not have the pieces of the puzzle worked out.

This is a good example of where the legislature got ahead of the technology by passing a law that was not really ready to be implemented, but was in the study phase and probably needed at least another year before it was approved.

We are sure the clouds of confusion will be lifting later this year as the pieces are pushed into place. It will be more than a year down the road before it becomes apparent whether the new streamlined system is good for the small cities, or another way to move more money to the larger cities. — **Tom Betz**



Today's pace of living is too busy

I don't know about you, but I think we are too busy!

No one has spare time anymore. Are we the victims of this racing society, or are we part of the problem? Somehow I don't think we're blameless in it.

Something happens to people about middle-age. That's when I hear people beginning to talk about life's being too hectic. They begin to wonder what it's all about and begin to joyfully anticipate retirement.

I see young families desperately over-burdened by schedules. The parents want to be good parents, so they allow (or insist on) their children participating in every activity available.

And that doesn't just keep the children occupied in worthwhile things, it also dictates that the parents and grandparents attend each and every event in which the child is participating. The going and doing never ends. I wonder how many children are going to remember their childhoods as "go, go, go" — even as they wish they had experienced "be, be, be."

I know an older woman who is literally afraid to be quiet and still. She has pushed herself all



**lorna
gt**

• commentary

her life — first to keep up with her peers, then to balance out family personalities and habits, then to make up for lost opportunities.

It's as if God will count it against her if she isn't actively doing something each and every minute.

The problem with "busy" is that God lets us choose it. God allows us to occupy each and every minute; only God knows what we lose by that. God allows us to choose the world's idols and standards; only God knows how we're cheating ourselves.

When we're always doing, talking, learning, scheduling, etc., God can't find time to talk to us, and God won't insist. When was the last time you were just still and listening for God's voice? You can choose God, or you can choose the world's expectations. It's impossible to choose both — but that's what most of us think

we're doing. God made each of us with the purpose of loving God and loving each other. Are we selfishly missing the mark?

There is "good busy" and "bad busy!"

"Bad busy" is when you ignore the church and God and just do your own thing. "Good busy" is when you live only to be available to God and creation — when you're busy because you love what God has done for you and you want to give something back. If you choose "good busy," this letter is to you:

"In this busy life, it's easy to feel unappreciated. But don't lose heart in doing good. If you persist, you'll see positive results. Through your selfless service to others, you will be serving Me. Even when you think I've forgotten you, you can be confident that I'll faithfully complete the good work I've started in you. Day by day, I'm making you more like Me. Encouragingly yours! God" (Author Unknown).

It's summer! Try to enjoy it. Maybe you'll like the slower pace or maybe you'll work to help others instead of yourself. Then maybe you'll refuse to let the rest of your year spin out of control again. You can't do it alone — but you and God can do anything!

Kansas clobbers retailers

The tax chickens are coming home to roost and it is not a pretty sight. It was so ugly that Governor Sebelius and legislative leaders in both parties held a joint news conference July 2, to announce that the new sales tax law would not be implemented for six months.

In June, Kansas retailers opened their mail and got a "greetings" message from the Kansas Department of Revenue about the new sales tax location law and a new unfunded state mandate. Normally, it is only political junkies who know that Kansas has 105 counties and over 620 incorporated municipalities. This is now critical information because firms conducting business outside their own city/county tax jurisdiction in Kansas are facing a big problem once this new law is enforced.

These Kansas businesses need to know the local sales tax rates in the jurisdictions where their customers are purchasing their products. That is if they wish to follow the new state law. These rates vary all over the map from 5.3 to 8.3 percent. Many counties have multiple rates within a single county. There are over 725 different jurisdictions where Kansas businesses need to learn the local sales tax rates and any changes if they have customers in those communities. Growing firms, who are the key to this state's economic success, will be penalized for expanding within Kansas.

This will be an administrative nightmare for Kansas businesses trying to make an honest effort to comply and have the burden of customers who live outside their firms' tax location. I suspect many won't. There is already talk in some business organizations that some firms will quietly pack their bags and either move or close when this law is enforced.

Rubbing additional salt into this fresh wound is the existing fact that businesses in Kansas are unpaid tax collectors for the state and local



from our
readers

• to the editor

units of government when it comes to collecting sales taxes. In neighboring states businesses are reimbursed for their tax collection and bookkeeping costs with a small percentage of the state's gross.

Why was this idiotic change made? Well, this change is the key for creating the "Streamlined Sales Tax," a multi-state compact that Kansas is trying to implement.

The Streamlined Sales Tax Compact is an attempt to begin effective taxing of interstate commerce despite a congressional moratorium and hostile federal court decisions. In Europe the socialists in the European Union started their internet taxation July 1. Like the Europeans, the states have been looking for another tax source to tap. Catalogue sales and the internet have been largely outside of the state's sales/use tax collector's reach unless the tax collectors can "streamline" it.

A key for the compact is to require the consumer to pay the sales/use tax. The business community has been split on this issue since many firms that are in one state only have a very different perspective on this issue from firms in all 50. Catalogue firms have a differing view from brick-and-mortar businesses.

However, the state's tax effort, led by legislators like Senate President Dave Kerr, R-Hutchinson, tax chairmen, Dave Corbin, R-Towanda, and John Edmonds, R-Great Bend in the senate and house respectively, were key players in sending the governor this bill that created this mess. Only 31 legislators out of

165 voted against this bill. Governor Sebelius signed HB 2005 into law May 19. This bill also created a new local use tax on Kansas business.

In three of our four neighboring states a tax increase like HB 2005 would be decided by voters in a tax referendum. In our current recession it is unlikely that the legislature would have ever passed this if the voters could get their hands on it.

In Kansas, where voters are largely disenfranchised on taxes, this was not a problem. So it is now a problem for Kansas business. It should soon be a problem for Kansas business organizations that did not oppose this mess and now have to face an outraged membership. For Kansans who need jobs or want to keep the jobs they have, enforcement of this bill could be the final straw-that-breaks-the-camel's back in Kansas for many retailers. Let's see if this mess is postponed again so the 2004 legislature gets a chance to repeal this mess.

Karl Peterjohn
Executive Director of the Kansas Taxpayers Network
Wichita

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