

MEMO# 15928

April 22, 2003

INSTITUTE LETTER OPPOSING EXTENSION OF KANSAS SALES TAX TO SERVICES

[15928] April 22, 2003 TO: TAX COMMITTEE No. 25-03 RE: INSTITUTE LETTER OPPOSING EXTENSION OF KANSAS SALES TAX TO SERVICES The Kansas legislature has introduced House Bill 2421 that could extend the sales tax to numerous services, including investment advisory and brokerage services. In the attached letter, which has been sent to the Speaker of the Kansas House of Representatives and the Chairman of the House Committee on Taxation, the Institute urges that the sales tax not be extended to any services consumed within the investment company industry. The three principal reasons for this recommendation, as stated in our letter, are that: • additional costs could be imposed on Kansas investors seeking to save for their retirement and other long-term needs, which could have the unintended (and most unfortunate) consequence of discouraging adequate saving by Kansas residents; • our Kansas members, who strongly value their relationship with the state and appreciate the stable and qualified workforce available to help their businesses flourish, could be placed at a competitive disadvantage vis-à-vis their out-of-state competitors; and • imposition of tax on these services would be extraordinarily difficult (if not impossible) to administer efficiently and fairly. Catherine Barré Assistant Counsel Attachment (in .pdf format)

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