

SESSION OF 2022

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2571

As Amended by House Committee on Taxation

Brief*

HB 2571, as amended, would provide, for purposes of retail sales and compensating use tax, for a deduction from the sales price of the purchase of a new or used motor vehicle in the amount of the proceeds from the sale of a used motor vehicle sold by the purchaser within 180 days of the purchase. If proceeds from the sale exceeded the purchase price, the purchaser would not owe any sales or use tax.

The deduction would apply to any sales of used motor vehicles on or after January 1, 2022.

Individuals would qualify for the deduction by either providing a completed bill of sale to the county treasurer when registering the purchased vehicle or by applying to the Department of Revenue for a refund within three years of the date of the purchase of the replacement vehicle.

The deduction would be permitted only if the taxpayer claiming the deduction provides a copy of the required bill of sale on the Department of Revenue TR-312 forms or provides the information required by that form and the information matches the information entered in the assignment of title on the back of the certificate of title.

The bill would require the Department of Revenue to provide a written report to the House Committee on Taxation and the Senate Committee on Assessment and Taxation by April 1, 2025, regarding the number of claimants receiving refunds under the provisions of the bill.

*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.kslegislature.org>

Background

The bill was introduced by the House Committee on Taxation at the request of Representative Turner.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by Representative Turner stating the bill would resolve unequal tax treatment afforded to private sales of vehicles relative to vehicles traded in to dealers. Written-only proponent testimony was provided by six private citizens.

Neutral testimony was provided by a representative of the Kansas Automobile Dealers Association.

The House Committee amended the bill to require the use of the Department of Revenue TR-312 form or comparable information for bills of sale and to require matching information on the assignment of title, to permit the sale to occur prior to or after the purchase of the replacement vehicle, to require the Department of Revenue to report to the House and Senate Committees, and to make various clarifying amendments.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue estimates enactment of the bill would reduce state and local revenues by unknown amounts. A fiscal note on the amended bill was not immediately available. Any fiscal effect associated with the bill is not reflected in *The FY 2023 Governor's Budget Report*.

Taxation; sales tax; motor vehicles