Brief*

HB 2111 would exclude the amount of any cash rebate granted by a manufacturer to a purchaser or lessee of a new motor vehicle from the sales price of the motor vehicle for purposes of calculating the sales tax liability on the purchase of the motor vehicle. Current law includes the value of a rebate for purposes of calculating sales tax liability. The bill would require the rebate to be paid directly to the retailer as a result of the original sale.

This exclusion would take effect July 1, 2018, and would sunset June 30, 2021.

Conference Committee Action

The Conference Committee agreed to remove the previous contents of HB 2111 (pertaining to the Kansas Police and Firemen’s Retirement System) and insert the contents of SB 367, as amended by the Senate Committee on Assessment and Taxation. The Conference Committee further agreed to amend the contents of SB 367 by changing the effective date and adding a sunset.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at http://www.kslegislature.org/klrd
Background

HB 2111 previously addressed death benefits for surviving spouses covered by the Kansas Police and Firemen's Retirement System. Those provisions were subsequently enacted as part of 2017 SB 205.

SB 367 (Motor Vehicle Rebate Sales Tax Exclusion)

The bill was introduced by the Senate Committee on Assessment and Taxation. In the Senate Committee hearing, testimony in support of the bill was provided by a representative of the Kansas Automobile Dealers Association. No other testimony was provided.

On March 13, the Senate Committee amended the bill to remove a provision that would have generally excluded manufacturer’s coupons from the sales price for purposes of calculating the sales tax liability. Additionally, the Senate Committee amended the bill to provide an effective date of the exclusion of July 1, 2019. The bill, as introduced, would have taken effect July 1, 2018.

As agreed to by the Conference Committee, the bill would decrease state revenues by $3.91 million in FY 2019, $4.27 million in FY 2020, and $4.35 million in FY 2021. Of those amounts, State General Fund receipts would be reduced by $3.28 million in FY 2019, $3.58 million in FY 2020, and $3.65 million in FY 2021. Any fiscal effect associated with the bill is not reflected in The FY 2019 Governor’s Budget Report.

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