

HOUSE BILL No. 2571

By Committee on Taxation

1-31

1 AN ACT concerning sales and compensating use tax; relating to motor
2 vehicles; providing for a deduction for calculating tax owed when
3 selling and buying a vehicle within 180 days; amending K.S.A. 2021
4 Supp. 12-199 and repealing the existing section.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 New Section 1. (a) When a used motor vehicle is sold on or after
8 January 1, 2022, by an individual instead of being traded in as partial
9 payment on the sale of a new or used motor vehicle, and the individual
10 ~~subsequently~~ purchases a new or used vehicle of greater value within 180
11 days of such sale, the tax imposed by the Kansas retailers' sales tax act
12 pursuant to K.S.A. 79-3601 et seq., and amendments thereto, or the Kansas
13 compensating tax pursuant to K.S.A. 79-3701 et seq., ~~and amendments~~
14 ~~thereto, shall be paid on the net difference between the total consideration~~
15 ~~paid for the new or used vehicle purchased by such individual and the~~
16 ~~amount received by such individual from such sale of the used motor~~
17 ~~vehicle.~~

18 (b) To qualify pursuant to subsection (a), the individual may either:
19 (1) Provide to the county treasurer the completed bill of sale for the
20 vehicle sold and the vehicle purchased at the time the purchased vehicle is
21 registered, whereby the county treasurer shall collect the tax on the amount
22 prescribed under subsection (a); or

23 (2) apply to the department of revenue for a refund of the excess
24 amount of tax paid by the individual that exceeds the tax amount owed
25 pursuant to subsection (a) by providing both the completed bills of sale for
26 the vehicle sold and the vehicle purchased.

27 (c) ~~The deduction provided by this section shall not be allowed unless~~
28 ~~the taxpayer claiming the deduction provides a copy of the notarized bills~~
29 ~~of sale required pursuant to subsection (b) and such bills of sale are signed~~
30 ~~by all parties to the transactions that reflect the total consideration paid to~~
31 ~~the sellers for the vehicles. If the taxpayer claiming such deduction fails to~~
32 ~~provide such signed bills of sale, the tax shall be due on the total~~
33 ~~consideration paid for the new or used vehicle.~~

34 (d) The department of revenue shall issue a refund pursuant to
35 subsection (b) from the sales tax refund fund for any valid claims filed
36 within three years from the date of the ~~payment~~ of the tax on the

amount of

that exceeds

In the event that the consideration paid for the purchased vehicle is equal to or less than the amount received from the sale of the used motor vehicle, then the individual shall not owe any sales or compensating use tax or shall be entitled to a refund pursuant to this section for such taxes paid.

be on department of revenue form TR-312 or at a minimum include the following information:
(A) Seller's printed name and address;
(B) buyer's printed name and address;
(C) year, make and vehicle identification number of the vehicle;
(D) sale price and date of sale of the vehicle; and
(E) signature of the seller and buyer and the date signed

(2) The sale price, date of sale and buyer and seller information on the bill of sale must match the information entered in the assignment of title on the back of the certificate of title.

(3)

(1)

purchase

1 replacement.

vehicle

2 Sec. 2. K.S.A. 2021 Supp. 12-199 is hereby amended to read as
 3 follows: 12-199. (a) *Except as otherwise provided by section 1, and*
 4 *amendments thereto*, a compensating use tax for the privilege of using or
 5 storing within a city or county any vehicle—~~which~~ *that* is required to be
 6 registered under the provisions of article 1 of chapter 8 of the Kansas
 7 Statutes Annotated, and amendments thereto, and—~~which~~ *that* is purchased
 8 within this state but without the local retailers' sales taxing jurisdiction of
 9 such city or county, is hereby imposed by every city or county imposing a
 10 retailers' sales tax. The rate of any such tax shall be equal to the difference
 11 between the aggregate rate of all local retailers' sales tax rates imposed by
 12 all local retailers sales taxing jurisdictions of the situs of such vehicle less
 13 the aggregate rate of all local retailers' sales tax rates imposed by all local
 14 retailers' sales taxing jurisdictions of the situs of the purchase of such
 15 vehicle. Except as otherwise provided in this section, any city or county
 16 imposing a compensating use tax is prohibited from administering such tax
 17 locally, but shall utilize the services of the state department of revenue to
 18 administer and enforce such tax. All laws and rules and regulations of the
 19 state department of revenue relating to the Kansas compensating tax shall
 20 apply to such local compensating use tax insofar as the same may be made
 21 applicable. Such tax shall be collected by the county treasurer at the time
 22 the vehicle is registered in this state following a sale occurring within this
 23 state. Registration of such vehicle within a taxing jurisdiction shall be
 24 deemed to constitute use or storage thereof for compensating tax purposes
 25 and the residence or place of business of the applicant shall be deemed to
 26 be the situs of such use or storage for purposes of the collection and
 27 distribution thereof.

(e) The director of motor vehicles shall prescribe forms for compliance with this section.

28 (b) The secretary of revenue is authorized to administer and enforce a
 29 city's or county's compensating use tax and to adopt such rules and
 30 regulations necessary for the efficient and effective administration,
 31 enforcement and collection thereof.

32 (c) All revenue received by any county treasurer from a countywide
 33 compensating use tax shall be apportioned among the county and each city
 34 located in such county in the same manner as provided in K.S.A. 12-192,
 35 and amendments thereto, for the apportionment of revenue received from a
 36 countywide retailers' sales tax, and all revenue received from a city
 37 compensating use tax shall be remitted at least quarterly to the treasurer of
 38 such city.

39 Sec. 3. K.S.A. 2021 Supp. 12-199 is hereby repealed.

40 Sec. 4. This act shall take effect and be in force from and after its
 41 publication in the statute book.