

REPORTS OF STANDING COMMITTEES

MR. PRESIDENT:

The Committee on **Assessment and Taxation** recommends **HB 2106**, As Amended by House Committee of the Whole, be amended on page 1, following line 6, by inserting:

"New Section 1. (a) When a used motor vehicle is sold on or after January 1, 2024, by an individual instead of being traded in as partial payment on the sale of a new or used motor vehicle, and the individual purchases a new or used vehicle of greater value within 90 days before or after such sale, the tax imposed by the Kansas retailers' sales tax act pursuant to K.S.A. 79-3601 et seq., and amendments thereto, or the Kansas compensating tax pursuant to K.S.A. 79-3701 et seq., and amendments thereto, shall be paid on the amount of total consideration paid for the new or used vehicle purchased by such individual that exceeds the amount received by such individual from such sale of the used motor vehicle. 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.

(b) For purposes of subsection (a), the individual may either:

(1) Provide to the county treasurer the completed bills of sale for the vehicle sold and the vehicle purchased at the time that the purchased vehicle is registered. The county treasurer shall collect the tax on the amount prescribed under subsection (a); or

(2) apply to the department of revenue if taxes have already been paid on the purchased vehicle for a refund of the amount of tax paid by the individual that exceeds the tax amount owed pursuant to subsection (a) by providing both the completed bills of sale for the vehicle sold and the vehicle purchased.

(c) (1) The deduction provided by this section shall not be allowed unless the taxpayer claiming the deduction provides a copy of the bills of sale required pursuant to subsection (b), and such bills of sale are on department of revenue form TR-312 that, at a minimum, includes information necessary to tie the specific purchase transaction to the related sale transaction including, but not limited to, the:

- (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) signatures of the seller and the buyer and the date signed.

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

(3) If the taxpayer claiming such deduction fails to provide such signed bills of sale, the tax shall be due on the total consideration paid for the new or used vehicle.

(d) The department of revenue shall issue a refund pursuant to subsection (b)(2) from the sales tax refund fund for any valid claims filed within three years from the date of the purchase of the replacement vehicle.

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

(f) As used in this section, "consideration paid" means the amount paid after any rebate or discount.

Sec. 2. K.S.A. 12-199 is hereby amended to read as follows: 12-199. (a) Except as otherwise provided by section 1, and amendments thereto, a compensating use tax for the privilege of using or storing within a city or county any vehicle ~~which~~ that is required to be

registered under the provisions of article 1 of chapter 8 of the Kansas Statutes Annotated, and amendments thereto, and ~~which that~~ is purchased within this state but without the local retailers' sales taxing jurisdiction of such city or county, is hereby imposed by every city or county imposing a retailers' sales tax. The rate of any such tax shall be equal to the difference between the aggregate rate of all local retailers' sales tax rates imposed by all local retailers sales taxing jurisdictions of the situs of such vehicle less the aggregate rate of all local retailers' sales tax rates imposed by all local retailers' sales taxing jurisdictions of the situs of the purchase of such vehicle. Except as otherwise provided in this section, any city or county imposing a compensating use tax is prohibited from administering such tax locally, but shall utilize the services of the state department of revenue to administer and enforce such tax. All laws and rules and regulations of the state department of revenue relating to the Kansas compensating tax shall apply to such local compensating use tax insofar as the same may be made applicable. Such tax shall be collected by the county treasurer at the time the vehicle is registered in this state following a sale occurring within this state. Registration of such vehicle within a taxing jurisdiction shall be deemed to constitute use or storage thereof for compensating tax purposes and the residence or place of business of the applicant shall be deemed to be the situs of such use or storage for purposes of the collection and distribution thereof.

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

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

compensating use tax shall be remitted at least quarterly to the treasurer of such city.";

On page 39, in line 15, before "K.S.A." by inserting "K.S.A. 12-199 and"; also in line 15, by striking "is" and inserting "are";

And by renumbering sections accordingly;

On page 1, in the title, in line 3, after the semicolon by inserting "providing for a deduction for calculating tax owed when selling a motor vehicle that is purchased within 90 days of the sale of another vehicle;"; also in line 3, after "amending" by inserting "K.S.A. 12-199 and"; in line 4, by striking "section" and inserting "sections"; and the bill be passed as amended.

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Chairperson