

SESSION OF 2012

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2607

As Recommended by House Committee on
Taxation

Brief*

HB 2607 would exclude cash rebates paid by a vehicle manufacturer to a purchaser or lessee of a new motor vehicle from the definition of "sales or selling price" as used for the calculation of sales tax on vehicles.

The bill would take effect on July 1, 2012.

Background

Proponents of the bill included Representative Calloway and the Kansas Automobile Dealers Association.

In 2006, cash rebates paid by a vehicle manufacturer to a purchaser or lessee of a new motor vehicle were excluded from the sales tax calculation. This policy ended in 2009 as a result of a sunset provision added during conference committee.

The Department of Revenue estimated in a fiscal note that HB 2607 would decrease state revenues by \$3,240,000 for FY 2013. Of that amount, the State General Fund is estimated to decrease by \$2,880,000, and the State Highway Fund is estimated to decrease by \$360,000.

*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>