



KANSAS AUTOMOBILE DEALERS ASSOCIATION

March 12, 2018

To: The Honorable Steven Johnson, Chairman and Members of the House Committee on Taxation

From: Don L. McNeely, President

Re: HB 2659 – AN ACT concerning sales and compensating use tax; relating to the sale of certain motor vehicles, rate of tax.

Good afternoon, Chairman Johnson and Members of the House Committee on Taxation. My name is Don McNeely, and I serve as the President and CEO of the Kansas Automobile Dealers Association, which represents the franchised new motor vehicle industry in Kansas.

On behalf of KADA, I appear in opposition to HB 2659, which would double the state sales tax rate to 13% on a vehicle with a selling price of \$100,000 or more and eliminating the associated sales tax trade-in credit.

Currently there are a limited number of vehicles sold in Kansas with a sales price of \$100,000, outside of heavy-duty trucks, semi-tractors and motor homes. However, more and more cars, SUVs and light-duty trucks have Manufacturer Suggested Retail Prices (MSRP) approaching this level. In fact, I recently saw a Ford F-250 advertised with a selling price over \$100,000.

Kansas' current taxing structure as it pertains to motor vehicles is already detrimentally impacting retail vehicle sales and the proposal before you would in some cases raise the combined sales tax rate in certain cities and counties to 17% or more, in addition to eliminating the trade-in credit. We already have a problem with residents registering their vehicles out of state. If the proposal before you would be enacted, I do not believe that there is any doubt a large percentage of vehicles with a selling price of \$100,000 or more would not only be registered out of state, but would also be purchased out of state, eliminating any perceived revenue gain to the state.

For these reasons and others, the Kansas Automobile Dealers Association strongly opposes HB 2659.

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