

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.

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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

1 replacement.

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.

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.