

As Amended by House Committee

Session of 2022

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~~ **amount of** total
15 consideration paid for the new or used vehicle purchased by such
16 individual ~~and that exceeds~~ the amount received by such individual from
17 such sale of the used motor vehicle. **In the event that the consideration**
18 **paid for the purchased vehicle is equal to or less than the amount**
19 **received from the sale of the used motor vehicle, then the individual**
20 **shall not owe any sales or compensating use tax or shall be entitled to**
21 **a refund pursuant to this section for such taxes paid.**

22 (b) To qualify pursuant to subsection (a), the individual may either:

23 (1) Provide to the county treasurer the completed bill of sale for the
24 vehicle sold and the vehicle purchased at the time the purchased vehicle is
25 registered, whereby the county treasurer shall collect the tax on the amount
26 prescribed under subsection (a); or

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

31 (c) **(1)** The deduction provided by this section shall not be allowed
32 unless the taxpayer claiming the deduction provides a copy of the
33 ~~notarized~~ bills of sale required pursuant to subsection (b) and such bills of
34 ~~sale are signed by all parties to the transactions that reflect the total~~
35 ~~consideration paid to the sellers for the vehicles are on department of~~
36 **revenue form TR-312 or, at a minimum, include the:**

- 1 **(A) Seller's printed name and address;**
2 **(B) buyer's printed name and address;**
3 **(C) year, make and vehicle identification number of the vehicle;**
4 **(D) sale price and date of sale of the vehicle; and**
5 **(E) signature of the seller and buyer and the date signed.**
6 **(2) The sale price, date of sale and buyer and seller information**
7 **on the bill of sale shall match the information entered in the**
8 **assignment of title on the back of the certificate of title.**
9 **(3) If the taxpayer claiming such deduction fails to provide such**
10 **signed bills of sale, the tax shall be due on the total consideration paid for**
11 **the new or used vehicle.**
12 (d) The department of revenue shall issue a refund pursuant to
13 subsection (b) from the sales tax refund fund for any valid claims filed
14 within three years from the date of the ~~payment~~ **purchase of the tax on the**
15 **replacement vehicle.**
16 **(e) The director of vehicles shall prescribe forms for compliance**
17 **with this section.**
18 **(f) The secretary of revenue shall submit a written report to the**
19 **house of representatives committee on taxation and the senate**
20 **committee on assessment and taxation on or before April 1, 2025,**
21 **concerning the use of the refund provided in this section and the**
22 **number of taxpayers that have received such refunds.**

23 Sec. 2. K.S.A. 2021 Supp. 12-199 is hereby amended to read as
24 follows: 12-199. (a) *Except as otherwise provided by section 1, and*
25 *amendments thereto*, a compensating use tax for the privilege of using or
26 storing within a city or county any vehicle ~~which that~~ is required to be
27 registered under the provisions of article 1 of chapter 8 of the Kansas
28 Statutes Annotated, and amendments thereto, and ~~which that~~ is purchased
29 within this state but without the local retailers' sales taxing jurisdiction of
30 such city or county, is hereby imposed by every city or county imposing a
31 retailers' sales tax. The rate of any such tax shall be equal to the difference
32 between the aggregate rate of all local retailers' sales tax rates imposed by
33 all local retailers sales taxing jurisdictions of the situs of such vehicle less
34 the aggregate rate of all local retailers' sales tax rates imposed by all local
35 retailers' sales taxing jurisdictions of the situs of the purchase of such
36 vehicle. Except as otherwise provided in this section, any city or county
37 imposing a compensating use tax is prohibited from administering such tax
38 locally, but shall utilize the services of the state department of revenue to
39 administer and enforce such tax. All laws and rules and regulations of the
40 state department of revenue relating to the Kansas compensating tax shall
41 apply to such local compensating use tax insofar as the same may be made
42 applicable. Such tax shall be collected by the county treasurer at the time
43 the vehicle is registered in this state following a sale occurring within this

1 state. Registration of such vehicle within a taxing jurisdiction shall be
2 deemed to constitute use or storage thereof for compensating tax purposes
3 and the residence or place of business of the applicant shall be deemed to
4 be the situs of such use or storage for purposes of the collection and
5 distribution thereof.

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

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

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

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