

HOUSE BILL No. 2229

By Representatives Turner and Resman

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 a motor vehicle that is purchased within ~~180~~ **120** days of the
4 sale of another vehicle; amending K.S.A. 12-199 and repealing the
5 existing section.
6

7 *Be it enacted by the Legislature of the State of Kansas:*

8 New Section 1. (a) When a used motor vehicle is sold on or after
9 January 1, ~~2024~~ **2025**, by an individual instead of being traded in as partial
10 payment on the sale of a new or used motor vehicle, and the individual
11 purchases a new or used vehicle of greater value within ~~180~~ **120** days
12 before or after such sale, the tax imposed by the Kansas retailers' sales tax
13 act pursuant to K.S.A. 79-3601 et seq., and amendments thereto, or the
14 Kansas compensating tax pursuant to K.S.A. 79-3701 et seq., and
15 amendments thereto, shall be paid on the amount of total consideration
16 paid for the new or used vehicle purchased by such individual that exceeds
17 the amount received by such individual from such sale of the used motor
18 vehicle. In the event that the consideration paid for the purchased vehicle
19 is equal to or less than the amount received from the sale of the used motor
20 vehicle, then the individual shall not owe any sales or compensating use
21 tax.

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

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

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

32 (c) (1) The deduction provided by this section shall not be allowed
33 unless the taxpayer claiming the deduction provides a copy of the bills of
34 sale required pursuant to subsection (b), and such bills of sale are on
35 department of revenue form TR-312 or, at a minimum, include information
36 necessary to tie the specific purchase transaction to the related sale

1 transaction including, but not limited to, the:

2 (A) Seller's printed name and address;

3 (B) buyer's printed name and address;

4 (C) year, make and vehicle identification number of the vehicle;

5 (D) sale price and date of sale of the vehicle; and

6 (E) signatures of the seller and the buyer and the date signed.

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

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

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

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

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

21 Sec. 2. K.S.A. 12-199 is hereby amended to read as follows: 12-199.

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

1 and the residence or place of business of the applicant shall be deemed to
2 be the situs of such use or storage for purposes of the collection and
3 distribution thereof.

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

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

15 Sec. 3. K.S.A. 12-199 is hereby repealed.

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