

SESSION OF 2018

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 367**

As Amended by Senate Committee on  
Assessment and Taxation

**Brief\***

SB 367, as amended, would exclude the amount of any cash rebate granted by a manufacturer to a purchaser or lessee of a new motor vehicle from the sales price of the motor vehicle for purposes of calculating the sales tax liability on the purchase of the motor vehicle. Current law includes the value of a rebate for purposes of calculating sales tax liability. The bill would require the rebate to be paid directly to the retailer as a result of the original sale.

This exclusion would take effect beginning July 1, 2019.

**Background**

The bill was introduced by the Senate Committee on Assessment and Taxation. In the Senate Committee hearing, testimony in support of the bill was provided by a representative of the Kansas Automobile Dealers Association. No other testimony was provided.

On March 13, the Senate Committee amended the bill to remove a provision that would have generally excluded manufacturer's coupons from the sales price for purposes of calculating the sales tax liability. Additionally, the Senate Committee amended the bill to provide an effective date of the exclusion of July 1, 2019. The bill, as introduced, would have taken effect July 1, 2018.

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\*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>

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue estimates its enactment would decrease state revenues by \$5.9 million in FY 2019, of which \$5.0 million would be a reduction of State General Fund receipts. Any fiscal effect associated with the bill is not reflected in *The FY 2019 Governor's Budget Report*.

The amendments to the bill would have the effect of lessening and delaying any fiscal impact of the bill. However, a revised fiscal estimate for the amended bill was not immediately available.