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MEMORANDUM

To: Madam Chairperson and Members of the Committee on Assessment and Taxation
From: Office of Revisor of Statutes
Date: February 2, 2021
Subject: Senate Bill No. 70

Summary

Senate Bill No. 70 relates to retailers' sales tax and would remove the sunset of the exclusion of certain cash rebates by a motor vehicle manufacturer from the sales or selling price and would exclude discounts and coupons from the sales or selling price for sales tax purposes.

The bill, on pages 7-8, would amend the definition of "sales or selling price" in K.S.A. 79-3602(11), which is a definition section in the Kansas retailers' sales tax act.

Currently, the definition of "sales or selling price" excludes, commencing on July 1, 2018, and ending on June 30, 2021, cash rebates granted by a manufacturer to a purchaser or lessee of a new motor vehicle if paid directly to the retailer as a result of the original sale. The bill would amend K.S.A. 79-3602(11)(3)(E) to remove the provision that ends the exclusion on June 30, 2021, thereby allowing the exclusion to continue.

Currently, the definition of "sales or selling price" includes consideration received by the seller from third parties if certain conditions are met such as the purchaser presents a coupon, certificate or other documentation to the seller to claim a price reduction or discount. The bill would strike this inclusion language in K.S.A. 79-3602(11)(2). Further, the bill would amend the exclusion provision currently in K.S.A. 79-3602(11)(3) to remove the requirement that discounts, including cash, term or coupons, must not be reimbursed by a third party in order to be excluded from the sales or selling price.

The bill would take effect from and after its publication in the statute book.