

SESSION OF 2020

SUPPLEMENTAL NOTE ON SENATE BILL NO. 322

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

SB 322 would repeal the sunset on an exclusion of certain motor vehicle manufacturer rebates from the selling price for sales tax purposes. Current law excludes cash rebates granted by manufacturers to purchasers or lessees of new motor vehicles if such rebates are paid directly to retailers, but this provision is scheduled to sunset on June 30, 2021.

Background

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of Senator Petersen.

In the Senate Committee hearing on February 24, 2020, a representative of the Kansas Automobile Dealers' Association appeared as a proponent. No neutral or opponent testimony was provided.

According to the fiscal note prepared by the Division of the Budget, the Department of Revenue (Department) indicates the bill would reduce overall receipts by \$4.53 million in FY 2022 (\$3.80 million to the State General Fund [SGF] and \$0.73 million to the State Highway Fund [SHF]); and by \$4.60 million in FY 2023 (\$3.86 million to the SGF and \$0.74 million to the SHF). Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2021 Governor's Budget Report*.

*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>