**Opinion Letter**

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| **Letter Number:** | **O-1999-02** |

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| **Tax Type:** | **Kansas Retailers' Sales Tax** |
| **Brief Description:** | **Local tax on automobile sales.** |
| **Keywords:** |  |
| **Approval Date:** | **01/05/1999** |

**Body:**

Office of Policy & Research

January 5, 1999

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XXXX
XXXX

RE: You letter dated October 30, 1998

Dear XXXX:

I have been asked to respond to your letter dated October 30, 1998. You recently surveyed area businesses to determine their needs and concerns. Most of the responses about state taxes apparently came from automobile dealers. They complain that local sales tax is imposed based on the location of the dealership rather than on the location of the buyer. You agree with the dealerships and assert that it would be more equitable to tax automobile sales based on the location of the residence of buyer instead of the location of the dealership.

Your attachment points out that the Kansas automobile dealers association has presented this issue to the Kansas legislature “since 1988 and cannot get support from [the] Legislature due to Johnson County.” Your statement summarizes why this is a very political issue. It is an issue that the Kansas legislature has considered and resolved and is something that the legislature alone should change. Given the history of this issue and our democratic form of government, it would be inappropriate for state tax administrators to try to overrule the judgment of elected Kansas representatives at this late date. Accordingly, we encourage you to work with your elected officials. This is the appropriate method for changing this tax policy.

On a practical basis, there are many sound reasons for imposing local sales tax based on the retailer’s location. Retail businesses place demands on local governments, including the expenses of police and fire protection, roads, sewers, and various other services that provide for the needs of retail businesses. There is nothing inappropriate about the legislature’s desire to return the sales tax revenues to the cities and counties that bear these burdens. However, inequality may arise because rate differences favor retailers in some locations over retailers in other locations.

Thank you for sharing your information with us. We very much appreciate hearing such concerns and comments and would like to continue to be informed about the issues that affect Kansas businesses. We welcome the opportunity to work with you and any other group that wishes to improve Kansas tax laws. If you wish to discuss this matter further, please call me at (785) 296-4008.

Sincerely,

Thomas E. Hatten

Attorney/Policy & Research

**Date Composed: 03/03/1999 Date Modified: 10/10/2001**