



Kansas Motor Carriers Association

Trucking Solutions Since 1936

Legislative Testimony

by the

Kansas Motor Carriers Association

before the

House Taxation Committee

Representative Steven Johnson, Chairman

Tuesday, March 21, 2017

In opposition to inclusion of North American Industry Classification Code No. 488410 – Motor Vehicle Towing – in the services subjected to sales tax contained in House Bill No. 2384

MR. CHAIRMAN AND MEMBERS OF THE HOUSE TAXATION COMMITTEE:

I am Tom Whitaker, Executive Director of the Kansas Motor Carriers Association. I'm joined here today by Melissa Kershner, KMCA's Director of Governmental Relations and Safety. We appear before you today representing seventy-six members of the KMCA Towing and Recovery Division in opposition to inclusion of motor vehicle towing (North American Industry Classification Code No. 488410) in the services to be subject to sales tax contained in House Bill No. 2384.

The motor vehicle towing provisions of HB 2384 bring several questions to mind:

- How will a towing company handle the sales tax on interstate moves?
- How will the State handle membership dues in automobile clubs that provide free towing?
- What effect will implementation have on insurance rates for those with full coverage insurance?
- What will be the sales tax location under the destination based sales tax law?
- When a vehicle is repossessed, will the lending company be responsible for the sales tax on towing?

Currently, transportation charges are included in the final sale price of tangible personal property and taxed accordingly. If a vehicle is towed to a vehicle service facility for repairs, the towing charges are included in the repair cost and sales tax is applied to the entire transaction. With the inclusion of motor vehicle towing in the services to be subject to sales tax, it creates multiple circumstances where the customer would be required to pay sales tax twice.

Mr. Chairman, the Kansas Motor Carriers Association opposes the inclusion of North American Industry Classification Code No. 488410 in House Bill No. 2384. We thank you for the opportunity to appear before you today and would be pleased to respond to any questions you may have.

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