

# Department of Finance and Administration

## Legislative Impact Statement

**Bill: HB1377**

**Bill Subtitle: TO AMEND THE LAW CONCERNING THE TAX LEVIED ON THE SALE OF A USED MOTOR VEHICLE, TRAILER, OR SEMITRAILER BY A CONSUMER.**

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### **Basic Change :**

**Sponsors: Rep. Cavanaugh and Sen. B. Johnson**

HB1377 would amend §§ 26-52-510 and 26-53-126 to extend the time period in which a consumer may sell a motor vehicle, trailer, or semitrailer and claim the proceeds from that sale as a credit against the purchase price of a replacement vehicle, trailer, or semitrailer, when computing the sales or use tax due on the replacement or new vehicle. Under current law, a taxpayer may claim the private sale credit for sales or use tax if the vehicle is sold within 45 days of the purchase of the new vehicle. HB1377 would extend the 45-day period to 60 days.

### **Revenue Impact :**

Revenue impact is a nominal loss to sales and use tax collections. Most motor vehicles are traded-in for sales or use tax credit at the time another motor vehicle is purchased.

### **Taxpayer Impact :**

A taxpayer would have an additional 15 days to sell a motor vehicle, trailer, or semitrailer to qualify for the private sale tax credit. The credit will be applied towards the sales or use tax on a motor vehicle, trailer, or semitrailer purchased within 60 days of the sale.

### **Resources Required :**

Computer programming, manual updates, and employee training would be required.

### **Time Required :**

Adequate time is provided for implementation.

### **Procedural Changes :**

Computer programs, training manuals, and forms will need to be updated. Department employees and State Revenue Office employees will need to be educated on changes as well as the taxpayer community. Changes to the Sales and Use Tax Rules would be required.

### **Other Comments :**

None.

### **Legal Analysis :**

Current law provides a "private sale credit" for a consumer that purchases a motor vehicle, trailer, or semitrailer and sells another motor vehicle, trailer, or semitrailer within 45 days of that purchase. Consumers entitled to the credit owe sales or use tax on the net difference between the total consideration paid to purchase the motor vehicle, trailer, or semitrailer and the proceeds from the sale

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of the used motor vehicle, trailer, or semitrailer. HB1377 extends the 45-day period to 60 days, providing the consumer an additional 15 days between the sale and purchase in order to qualify for the credit.