

MINUTES OF THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

The meeting was called to order by Senator Paul "Bud" Burke at  
Chairperson

11:00 a.m./p.m. on February 4, 1983 in room 526-S of the Capitol.

All members were present except: Senator Ehrlich (Excused)

Committee staff present: Wayne Morris, Research Dept.  
Tom Severn, Research Dept.  
Don Hayward, Revisor's Office

Conferees appearing before the committee: Dee Likes, Kansas Livestock Association  
Becky Crenshaw, Committee of Kansas Farm  
Organizations  
Paul Fleener, Kansas Farm Bureau

The chairman announced that the committee will continue hearing testimony on SB 47 which establishes a depreciation schedule on farm machinery, equipment and aircraft, as authorized by the constitutional amendment SCR 1604.

The following persons appeared in opposition to SB 47 and SCR 1604: Dee Likes, KLA, told the committee his organization did not believe it would be in the best interests of the agricultural community to substitute this approach for the current exemption. (Attachment #1). Becky Crenshaw, CKFO, representing a coalition of 22 agricultural organizations on legislative issues, said the committee of farm organizations presented a strong recommendation that this committee not act favorably on these two proposals. They believe changing the existing farm machinery tax exemption would be a step backward. (Attachment #2). Paul Fleener, KFB, presented information opposing these bills (Attachments #3, #4, #5 and #6). All three conferees answered questions from the committee members.

It was emphasized by Senator Johnston that the KFB had adopted a Resolution in 1982 which is the same as what is proposed in these bills. He also noted that no committee hearings were ever held on totally exempting farm machinery and business aircraft from property taxation. It was noted that a small number of farmers had testified in the House Assessment & Taxation Committee as endorsing some sort of modest tax on farm machinery.

There was discussion of the industrial revenue bond laws and Senator Angell made a motion, seconded by Senator Montgomery, that the chairman write to the Board of Tax Appeals on behalf of the committee to request that the Board compile all data and information pertaining to IRBs that is filed with the Board under KSA 12-1744a. The chairman indicated he would write the letter without a motion.

The chairman called on Tom Severn to brief the committee and give a history of the various classification resolutions. (See Attachments #7, #8 and #9)

The chairman told the committee that if there is time after the hearings this week he hopes to get back to classification and reappraisal after the subcommittee reports back from their meeting Monday. He said the committee will use 1983 HCR 5009 as a basis for introducing legislation, hoping to get some decision on the approach to this matter.

The chairman adjourned the meeting at 12:05 p.m. The next meeting of the committee will be at 11:00 a.m. on Monday, Feb. 7.

ASSESSMENT AND TAXATION

OBSERVERS  
(PLEASE PRINT)

DATE	NAME	ADDRESS	REPRESENTING
Feb. 4	MARY ELLA SIMON	TOPEKA	Kg. of WOMEN VOTERS
	Becky Roberts	Lawrence	Intern Johnston
	M. Hawes	Topeka	Cap. Journal
	EDWARD LINDSEY	TOPEKA	SEN. HEIN
	Bill Edas	REVENUE	PUD
	Phil Martin	"	"
	B. (Punka)	Topeka	CKFO
	Sheela John Meety	Topeka	KLA KLA
	PAUL E. FLEENER	MANHATTAN	Ks. Farm Bus.
	L. Linenbago	Topeka	NPI
	Timothy N. Hagemann	LAKIN	Ks City Apprs Assoc
	Ann Eslick	Ulysses	Ks. County Apprais
	Brad Welch	LAKIN	KSCO. App. Assoc.
	Tim Underwood	Topeka	KAR
	MIKE BEAM	TOPEKA	KLA



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Owns and Publishes The Kansas STOCKMAN magazine and KLA News & Market Report newsletter.

Statement of the  
Kansas Livestock Association  
to the  
Senate Committee on Assessment & Taxation  
Senator Bud Burke, Chairman  
with respect to  
Farm Machinery Taxation  
SCR 1604 and SB 47

Presented by  
Dee Likes  
Executive Secretary, Feedlot Division

January 26, 1983

Mr. Chairman and members of the committee, with all due respect to Senator Kerr, the Kansas Livestock Association strongly opposes Senate Concurrent Resolution 1604 and Senate Bill 47. The Kansas Livestock Association does not believe that the farm machinery tax exemption, which just went into effect less than 30 days ago, should be repealed. While the approach embodied in these two proposals was, at one time, one of the viable options in our collective attempt to address the problem of farm machinery valuation, we do not believe it is in the best interests of the agricultural community to substitute this approach for the current exemption.

By now everyone should be knowledgeable about the multitude of past problems associated with the assessment and taxation of farm machinery and, therefore, I don't intend to go into great detail about all the problems and frustrations that led us to the point of completely exempting farm machinery from personal property taxation. You already know the hassles in administering the farm machinery tax; the examples of older machinery which was rapidly wearing out receiving large valuation increases, etc., etc. Farm machinery and equipment was never given the same type of treatment as other business machinery and equipment. Nearly every other type of business equipment is, in fact, valued on some type of depreciation schedule. Yet that same treatment was always denied for farm machinery and equipment. We are all too familiar with the unrest that increasing farm machinery valuations caused for farmers, county officials and state legislators. The Property Valuation Department, the state legislature, agricultural organizations and others all tried

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various solutions to alleviate the problems. These remedies, however, were always either vetoed or struck down by the courts. Finally, the legislature exercised the only option it had left -- total exemption.

We believe the farm machinery tax exemption is justifiable and that the legislature did the right thing by passing House Bill 2425 during the 1982 session.

It's ironic that many of the same county officials who just a scant few years ago were complaining to their legislators about the inordinately high valuations on farm machinery are now complaining that the farm machinery tax exemption will erode their local tax base. It's true that the farm machinery tax exemption will eliminate a portion of the county tax base and other classes of property which remain on the tax rolls - including agricultural land - will have to make up the difference. I ask the committee to remember that farm machinery was one of the only classes of personal property which was really being assessed at 30% of full market value. In fact, many individuals contend it was being assessed at 30% of an appraised value which was even higher than its actual market value. My point is that the impact of the farm machinery exemption would have been much, much smaller if farm machinery valuations and farm machinery taxes had not been allowed to increase to levels which were inequitably high in comparison to other property. Frankly, the amount of tax burden reallocation which will now occur in some counties simply serves to point out how unfair and how excessive farm machinery taxes have been in the past.

Let's talk for a moment about who will pay an increased share of taxes if mill levies are increased. Again, the answer is simple --- all remaining classes of taxable property will share in the mill levy increase. It's amazing that we hear so many reports of county commissioners telling farmers and ranchers they will not benefit from the farm machinery tax exemption because they'll only end up paying more taxes on their agricultural land. The ironic thing about those statements is that when the county officials presented testimony to the interim committee they were bemoaning the huge tax break which accrued to farmers! Well, we know one thing for sure, it can't be both ways. For example, if the farm machinery exemption causes a revenue loss to local units of government of, say, \$200,000 and if the county is typical of most rural agricultural counties, which have approximately 50% of their total valuation in agricultural real property, then \$100,000 of the revenue will be made up by increased mill levies on agricultural land which is owned by farmers and ranchers. The other \$100,000 will be made up by other forms of taxable property in the county, i.e. residences, commercial industrial property, utilities, etc. We fully realized during the lobbying effort on the farm machinery tax exemption last year that those who own only agricultural land and no farm machinery would receive a tax increase. On the other hand, those farmers who owned very little or no real property and thus had most of their assessed valuation in farm machinery and equipment, would receive a larger than normal tax decrease. However, for the other 80 or 90% of operating farmers and ranchers in Kansas who own both agricultural real property and the usual amount of farm machinery with which to operate it, a lower total tax bill will be realized.

In the case of school districts we believe that locally elected school board members have the authority to establish mill levy increases on taxable property that will be sufficient to meet their budgets. In the case of local units of government which operate under tax lids and levy limitations, the House of Representatives is currently working a package of bills which will address and alleviate that problem.

We are honestly amazed and disappointed that we've heard so much grumbling about the farm machinery tax exemption and so little concern has been expressed about other property tax exemptions. Household furnishings were exempted in 1963. The "Freeport

Law", which exempts certain inventories being warehoused in the state, was also passed during the early 1960's. Merchants are granted a 40% reduction in their cost of goods in the determination of the taxable value on their inventories. Intangibles, which are a true measure of wealth, were granted a statewide exemption and local units must reimpose the tax if they want to retain it. In addition, there are a number of port authority properties, religious, educational, hospital and health related exemptions. Property built and equipment purchased with Industrial Revenue Bond money is exempt from paying property taxes for ten years. Even though "in lieu of payments" are sometimes negotiated these amounts rarely, if ever, approximate the revenues which would have been collected if the property had not received favorable tax treatment.

It seems a little odd to us, that many of the same county officials who are jealously complaining of the farm machinery tax exemption have not reimposed the intangibles tax and consistently, in meeting after meeting, year after year, grant property tax reductions to IRB property.

If SCR 1604 and SB 47 should ever be seriously considered by this legislature or any of its committees, and if the legislators supporting these bills desire to be consistent, I would suggest they ought to be willing to lend their support to bills which would 1) reimpose the intangibles tax statewide; 2) place household goods and effects on the personal property tax rolls; 3) provide that Industrial Revenue Bond property must pay its full share of property tax.

Mr. Chairman and members of the committee, the Kansas Livestock Association respectfully recommends that SCR 1604 and SB 47 not be passed favorably by this committee. Furthermore, we suggest that the committee devote some of its hearing and discussion time to examining the need to exempt livestock from personal property taxation in this state.

Testimony of the  
COMMITTEE OF KANSAS FARM ORGANIZATIONS

with respect to

SCR 1604 and SB 47

presented by

Becky Crenshaw  
Legislative Agent

to

Senate Committee on Assessment & Taxation

Senator Paul Burke, Chairman

February 4, 1983

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Mr. Chairman and members of the committee, my name is Becky Crenshaw. I'm the legislative agent for the Committee of Kansas Farm Organizations, a coalition of 22 agricultural organizations representing Kansas farmers and ranchers on state legislative issues. Our committee certainly appreciates the opportunity to present our views on Senator Kerr's proposed Constitutional amendment and depreciation schedule for farm machinery.

Many of you may already know that the Committee of Kansas Farm Organizations takes positions on various legislative issues only when there is unanimous agreement within the Committee. I am here today to present the Committee's strongest recommendation that this committee not act favorably on these two proposals. We believe that changing the existing farm machinery tax exemption would be a step backward.

Obviously, the taxation of farm machinery has been a controversial issue for a number of years. Time after time the legislature tried to remedy the inequities surrounding farm machinery taxes. One of those remedies was a depreciation schedule similar to the one embodied in SB 47. After repeated legislative attempts to correct the situation were vetoed or struck down by the courts, the farm sector came to the conclusion that the only way to solve the farm machinery problem was to completely exempt it from the tax. I ask the Committee to remember that total exemption was the one solution that the legislature, the Governor and the Court were all willing to accept.

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We fully realize there will be an adjustment period for some counties when the tax revenue from farm machinery is no longer available. A few counties placed an unusually heavy reliance upon farm machinery in their overall tax mix and their particular problems will be a little more difficult to solve. Keep in mind, however, that the average impact across the state is not tremendously great because farm machinery amounts to only a very small percent of total valuation in most counties. Adjustment periods have been necessary whenever any class of property has been exempted and we don't expect the current situation to be any different. The House Tax Committee is currently examining a package of bills to allow counties and local units of government more flexibility to generate their needed revenue under existing tax lids and levy limitations.

The Special Committee on Assessment and Taxation which studied all property tax exemptions during the interim did not recommend the repeal of this exemption. The Committee of Kansas Farm Organizations agrees with that conclusion and we urge you to not pass either of these proposals.

# Kansas Farm Bureau

and affiliated companies



KANSAS FARM BUREAU SERVICES, INC.  
 FARM BUREAU MUTUAL INSURANCE CO., INC.  
 KFB INSURANCE CO., INC.  
 KANSAS FARM LIFE INSURANCE CO., INC.  
 KANSAS AGRICULTURAL MARKETING ASSOCIATION  
 KANSAS FARM BUREAU MERCHANDISING, INC.

HOME OFFICE: 2321 ANDERSON AVENUE, MANHATTAN, KANSAS 66502 (913) 537-2261

July 1, 1982

## FARM MACHINERY & LIVESTOCK TAXATION

<u>STATE</u>	<u>FARM MACHINERY</u>	<u>LIVESTOCK</u>
Alabama	Exempt (1978)	Exempt (1978)
Alaska	Taxed	Taxed
Arizona	Taxed	Taxed
Arkansas	Taxed*	Taxed**
*Assessment at 20% of current value. Much of Farm Machinery in Eastern Arkansas is not reported. Arkansas is going through court ordered reappraisal.		
**Assessment at 20% of current value; Tax is on breeding stock only.		
California	Taxed*	Exempt** (1980)
*Taxed at 1% of current market value.		
**Tax only bulls and stud race horses.		
Colorado	Taxed*	Taxed*
*Both are now assessed at 5% of value. Proposal on November '82 ballot to completely exempt both Farm Machinery and Livestock from taxation.		
Connecticut	Taxed*	Exempt
*Exemption of \$10,000 and hope to increase that exemption to \$50,000. Assessment is at 70% of market value.		
Delaware	Exempt	Exempt
Florida	Taxed*	Exempt (1982)
*Farm machinery is appraised at 85% of purchase price, then depreciated for 5 years down to a floor of 30%.		
Georgia	Taxed*	Taxed**
*Both Farm Machinery and Livestock are assessed at 40% of appraised value.		
**Breeding stock on farms January 1 is the only livestock taxed.		
Hawaii	Exempt	Exempt
Idaho	Taxed*	Exempt (1971)
*Appraised at market value less depreciation; mill levy applied to assessed value but tax cannot exceed 1% of assessed value.		
Illinois	Exempt (1971)	Exempt (1979)
Indiana	Taxed	Taxed
Iowa	Taxed*	Exempt (1972)
*All taxes on personal property (includes Farm Machinery) were to be phased out by 1980. However, the complete exemption has been delayed until 1989. The present exemption on personal property is \$175,000.		



FARM MACHINERY & LIVESTOCK TAXATION (CONT'D)

<u>STATE</u>	<u>FARM MACHINERY</u>	<u>LIVESTOCK</u>
Kansas	Exempt (1-1-83)	Taxed*
*Swine, sheep and goats under 6 months of age; horses, mules and cattle under 12 months of age are exempt. Other livestock are appraised according to a 5 year moving average agreed to in annual meetings of P.V.D., county appraisers and livestock owners, and then assessed at the statutory assessment rate of 30%.		
Kentucky	Exempt	Exempt
For the farmer in Kentucky there has been no property tax on Farm Machinery or Livestock for 20 years. A constitutional provision requires a tax on all property except churches. The Legislature has set the rate of 1/10 of one percent per \$100 valuation and since the rate is so low, no tax is collected except on the most valuable race horses.		
Louisiana	Exempt	Exempt
Maine	Taxed*	Exempt
*First \$10,000 of assessed value is exempt. Appraisal is supposed to be at 100% of market value, but in actual practice the 100% of value is not enforced.		
Maryland	Exempt (1964)	Exempt (1964)
Massachusetts	Taxed	Taxed
Michigan	Exempt (1965)	Exempt (1965)
Minnesota	Exempt (1967)	Exempt (1967)
Mississippi	Exempt*	Exempt*
*Both Farm Machinery and Livestock have been exempt for 40 years.		
Missouri	Taxed*	Taxed**
*Property is to be appraised at its "true value" and assessed at 33 1/3%, but Farm Machinery valuation is "anybody's guess". Depends upon the local appraiser, but is far below "true value".		
**Livestock are also appraised far below "true value" and assessed at 33 1/3%.		
Montana	Taxed	Exempt
Nebraska	Exempt (1978)	Exempt (1980)
Nevada	Taxed	Exempt*
*Phase out by 1984.		
New Hampshire	Exempt (Never had a tax)	Exempt (1970)
New Jersey	Exempt (1976)	Exempt (1976)
New Mexico	Taxed*	Taxed**
*Appraised at purchase price and depreciated over 10 years; down to 12 1/2%; assessed at 33 1/3%.		
**Appraisal determined by Property Tax Division in meeting each year and assessed at 33 1/3%.		
New York	Exempt	Exempt
North Carolina	Taxed	Taxed
North Dakota	Exempt	Exempt
Ohio	Exempt (1973)	Exempt (1973)

FARM MACHINERY & LIVESTOCK TAXATION (CONT'D)

<u>STATE</u>	<u>FARM MACHINERY</u>	<u>LIVESTOCK</u>
Oklahoma	Taxed*	Taxed*
*Farm Machinery & Livestock are assessed between 9% and 15% of appraised value. Oklahoma has problems with getting all Farm Machinery and Livestock reported to the assessor. Attempt will be made to remove both from tax rolls in the 1983 session of the Oklahoma Legislature.		
Oregon	Exempt* (1980)	Exempt* (1980)
*10 year phase out on both Farm Machinery and Livestock; completely exempt in 1980.		
Pennsylvania	Exempt	Exempt
No personal property tax in Pennsylvania.		
Rhode Island	Taxed	Taxed
South Carolina	Exempt* (1978)	Exempt (1976)
*Only self-propelled machinery is taxed. Self-propelled machinery is depreciated 20% per year and assessed at 5%.		
South Dakota	Exempt (2-1-79)	Exempt (2-1-79)
Tennessee	Exempt*	Exempt*
*Assessment of Farm Machinery & Livestock is to be at 5%. It is not practical to incur the expense of collecting the tax. Therefore there has been no tax on Farm Machinery & Livestock.		
Texas	Taxed*	Exempt** (1982)
*Constitutional amendment will be voted upon Nov. 2, 1982 to exempt Farm Machinery.		
**Constitutional amendment already adopted exempted livestock, 1-1-82.		
Utah	Taxed*	Taxed**
*Farm Machinery is assessed at 20% of market value.		
**Livestock taxes on breeding stock only. Nov. 2, 1982 election will have a constitutional amendment to allow the Legislature to exempt all livestock from property taxes.		
Vermont	Exempt (Prior to 1933)	Exempt*
*Livestock exempt by local option in 1964; complete exemption in 1971.		
Virginia		
No state program of taxation of Farm Machinery and Livestock. Taxation policy is determined by each of the 93 Virginia counties. 27 counties completely exempt Farm Machinery and 39 counties completely exempt Livestock. Many more counties have only a small tax on Farm Machinery and Livestock.		
Washington	Taxed*	Exempt**
*Taxed 1% per \$1,000 of market value for both Farm Machinery and Livestock.		
**Ten year phase out of tax -- no tax after 12-31-82.		
West Virginia	Taxed*	Taxed*
*Farm Machinery and Livestock are assessed at 60% of value and taxed at the ratio of 50¢ per \$100 of assessed value (same rate of tax as intangible property). Farmland and residential property are taxed at the rate of \$1.00 per \$100 of value. All other property outside of municipalities at \$1.50 per \$100. Other property inside municipalities at \$2.00 per \$100 of value.		
Wisconsin	Exempt*	Exempt (1982)
*Farm Machinery was exempt long ago and Livestock was exempted 1-1-82.		
Wyoming	Taxed*	Exempt (1978)
*Assessed at 25% of 1967 value.		

# The Kansas Farm Machinery Tax Exemption

*The exemption from the ad valorem property tax of farm machinery and equipment actually and regularly used in farming and ranching operations will constitute an incentive to agriculture . . . will improve the general economy of the state . . . is deemed to be a public purpose which will promote the general welfare of the state and be for the benefit of the people of the state.*

PURPOSE CLAUSE, H.B. 2425

## TAXATION OF FARM MACHINERY

On January 1, 1983, farm machinery and equipment will be exempt from personal property taxes in Kansas.

Why, in 1982, did the Kansas Legislature pass and the Governor sign the farm machinery exemption? First and foremost, farm machinery taxation has been a major issue for more than six years. Escalating farm machinery valuations have been the hottest tax controversy in Kansas. It might have been the most visible and nagging tax issue facing the Kansas Legislature.

Since farm machinery and equipment was about the only class of personal property which was really assessed at the statutory 30 percent rate, it was paying more than its fair share of the Kansas tax burden.

The legislature made repeated attempts to allow depreciation of farm machinery, or to reduce its value in line with other property. Repeated legislative attempts to solve the problem were either vetoed by the Governor, or were declared unconstitutional by the Kansas Supreme Court.

The Kansas Constitution calls for a uniform and equal rate of assessment and taxation. The statutes require the appraisal of all taxable property at its fair market value in money. Generally speaking, however, fair market value appraisal was applied **only** to farm machinery. Finally, in its quest to achieve a greater degree of tax equity for Kansans the legislature decided the only constitutional way to come to grips with the farm machinery problem was to completely exempt the property from taxation.

For three consecutive years, prior to the 1982 session, the Kansas Legislature passed bills dealing with the farm machinery problem. Percentage reduction, depreciation measures, and others were all tried. The 1982 legislative session took a course of action which was courageous and constitutionally permissible.

Kansas Attorney General Bob Stephan indicated, "I believe the legislature has responded to the constitutional flaws identified by the Kansas Supreme Court in previous bills partially exempting farm machinery, and those flaws do not exist in the current bill. Indeed, if challenged I would defend the constitutionality of HB 2425."

Attorney General Stephan made this additional observation regarding the farm machinery and equipment exemption:

*"For the last three years I have consistently advised that I believe it permissible to properly exempt farm machinery and equipment from property taxation if the legislature determined that such an exemption was based on the purpose of promoting the general welfare. In HB 2425 the legislature has recognized the importance of agriculture to the Kansas economy. It has recognized the current plight of the Kansas farmer, and based upon those findings it has declared that it is in the public interest to exempt farm machinery and equipment from property taxation."*

## TAXATION IN OTHER STATES

Kansas is not unique in exempting farm machinery and equipment from personal property taxation. There are 24 states that exempt farm machinery from property taxation, and 33 states that exempt livestock. Six other states have reduced appraisals, exempted a portion of the value, or are in the process of phasing out property taxes on farm machinery.

In addition to the 33 states that completely exempt livestock from the property tax, five other states tax livestock at a rate lower than other property.

Some states exempt inventories of merchants and manufacturers, and several exempt intangible property from taxation.

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## FARM INCOME AND PROPERTY TAXES

Farmers and ranchers comprise approximately 10 percent of the Kansas population, but farm income averages only 4.4 percent of the total Kansas personal income.

Taxes are paid out of income. Agriculture, with 4.4 percent of the personal income, (corporate income **not** included), is responsible for more than 18 percent of the property taxes in Kansas.

## HOUSE BILL 2425

What does the legislation adopted by the 1982 Session of the Kansas Legislature really say? What does it mean? What did the legislature believe to be the "public purpose" in exempting farm machinery and equipment? What kinds of farm machinery and equipment did the legislature intend to exempt from property taxation?

In unmistakably clear language the Kansas Legislature described the public purpose and the extent of the farm machinery and equipment exemption:

*"Kansas, and all its citizens, will benefit from any improvement in the economic environment of Kansas agriculture. The exemption from the ad valorem property tax of farm machinery and equipment actually and regularly used in farming and ranching operations will constitute an incentive to agriculture and will improve the general economy of the state. Considering this state's heavy reliance on agriculture, the enhancement of agricultural endeavors is deemed to be a public purpose which will promote the general welfare of the state and be for the benefit of the people of the state."*

*"The following described property, to the extent specified by this section, shall be exempt from all property or ad valorem taxes levied under the laws of the State of Kansas:*

*"All farm machinery and equipment. The term "farm machinery and equipment" means that personal property actually and regularly used exclusively in farming or ranching operations. The term "farm machinery and equipment" shall not include any passenger vehicle, truck, truck tractor, trailer, semitrailer or pole trailer, other than a farm trailer."*

## QUESTIONS AND ANSWERS ON FARM MACHINERY EXEMPTION

### When does the exemption of farm machinery become effective?

The exemption becomes effective after December 31, 1982. Remember that taxes on farm machinery assessed on January 1, 1982 must be paid in December, 1982, and in June, 1983. Therefore, there will be **no** immediate revenue loss and local officials will certainly have sufficient time for planning future operations.

### Will county commissioners and other local government officials be able to finance necessary governmental services in 1984 and beyond?

Yes!

There are several avenues open for local officials. The first way is to become more efficient. Some have already cut the "fat" in their operations. Increased mill levies, where necessary, can be accomplished by one of two methods. County officials can, by "charter resolution," exceed the levy limits now prescribed by statute. Secondly, the 1983 legislative session will provide the legislature with an opportunity to examine and to increase where necessary appropriate levy limitations for some services and functions of government financed by the property tax.

### What about financing elementary and secondary education?

The farm machinery exemption **has not** caused, and will not cause a problem in the financing of elementary and secondary schools. Unified school districts operate under budget restrictions and authority granted by the legislature through the SDEA - School District Equalization Act. Mill levies against taxable property sufficient to meet the budget are established by locally-elected school board members.

School mill levy increases for 1982-83 school year **are not** the result of the exemption of farm machinery.

### Who will pay additional taxes if mill levies are increased?

All remaining classes of taxable property will share in any mill levy increase. **Example:**

If the farm machinery exemption causes a revenue loss to local units of government of, say, \$200,000, and if the county is typical of most rural agricultural counties, which have approximately 50 percent of total valuation in agricultural real property, then \$100,000 of the revenue will be made up by increased mill levies on agricultural land owned by farmers and ranchers. The other \$100,000 will be made up by other forms of taxable property in the county, i.e., residences, commercial and industrial property, utilities, etc.

### Does the farm machinery tax exemption really mean a tax relief for farmers?

You bet it does!!

It is also true that mill levies on agricultural real property **may** increase. For someone who is purely a landlord - someone who owns no farm machinery - there is likely to be a tax increase. For someone who is predominately renting agricultural land and owns only farm machinery there will certainly be a tax reduction. For the majority of Kansas farmers and ranchers who own their operation, and who own the usual amount of farm machinery with which to operate it, a lower total tax bill will be realized.

### What kinds of farm machinery, or, asked another way, WHOSE farm machinery is exempt under the new law?

The legislative construction of the Act purposely left out any reference to **ownership** and defined farm machinery as "that personal property actually and regularly used exclusively in farming or ranching operations." Legislative intent as we understood it when the bill was passed, was to provide an exemption for all generally recognized farm machinery and equipment, **including**, all above-ground irrigation equipment, and custom combining equipment.

### Has the Kansas Legislature made other exemptions for previously taxable property?

Yes.

Household furnishings were exempted in 1963. The "Freeport Law" was passed at about the same time. This exempts certain inventories being warehoused in the state. Merchants were granted a 40 percent reduction in their cost of goods in determination of taxable value on their inventories.

Intangibles, which are a true measure of wealth, are now exempt statewide, and local units have to reimpose the tax if they want to retain it. In addition, there are a number of port authority properties, religious, educational, hospital and health-related exemptions. Property built and equipment purchased with Industrial Revenue Bond money is exempt from paying property taxes for 10 years.

### Are personal property taxes considered an equitable and easily administered tax?

No.

Personal property taxes - especially those that have been paid on farm machinery - are almost impossible to administer fairly. Increasingly, legislators are coming to believe that the personal property tax defies equity because it is frequently a tax on honesty and often becomes a negotiated tax between the assessor and the assessed.

### Will farmers and ranchers have to file for the farm machinery and equipment exemption granted by the legislature?

Current Kansas law requires some exempt property to file for an exemption granted by the legislature. Some other exempt properties **ARE NOT** required to file. The Kansas Legislature could add farm machinery and equipment to the statutory list of properties which are not required to file for an exemption, or a simplified filing could suffice for the Property Valuation Division and the State Board of Tax Appeals.

# FARM MACHINERY TAX EXEMPTION

H.B. 2425

*"I believe the legislature has responded to the constitutional flaws identified by the Kansas Supreme Court in previous bills partially exempting farm machinery, and those flaws do not exist in the current bill. Indeed, if challenged I would defend the constitutionality of H.B. 2425."*

Attorney General Bob Stephan

The material in this publication has been prepared by the Kansas Livestock Association and the Public Affairs Division of Kansas Farm Bureau in order to:

- ★ Present Factual Information
- ★ Allay Fears, and
- ★ Expose Myths

Concerning the exemption of  
farm machinery from  
property taxation

Distributed as a Public Service by:



JANUARY 1, 1983

DEAR LEGISLATOR:

I'M SURE THAT YOU WILL BE EXPOSED TO EXTREME PRESSURE TO RESTORE THE TAX ON FARM MACHINERY, AND I HOPE AND PRAY THAT YOU WILL HAVE THE INTESTINAL FORTITUDE TO RESIST ALL SUCH EFFORTS.

THE HUE AND CRY SET UP AT THE LOSS OF THIS REVENUE JUST EMPHASIZES THE PROOF OF HOW MUCH FARMERS HAVE BEEN FORCED TO OVERPAY THEIR FAIR SHARE OF THE TAX LOAD, - HOW THEY HAVE BEEN VICTIMIZED BY THE EXHORBITANT TAX IMPOSED ON THEM.

TO EVEN SUGGEST CONSIDERATION OF RESTORATION OF THIS TAX, ESPECIALLY AT THIS TIME OF EXTREME HARDSHIP OF FARMERS IN GENERAL - HIGH PRODUCTION COSTS - LOW PRODUCT PRICES, WOULD SHOW THE HIGHEST DEGREE OF CONTEMPT AND UTTER DISREGARD FOR FARM PROBLEMS.

I WOULD REMIND YOU THAT, I BELIEVE, THERE ARE NOW SOME 24 STATES THAT DO NOT TAX FARM EQUIPMENT AT ALL, AND SEVERAL MORE THAT LEVY ONLY A TOKEN TAX - A SORT OF FARM MACHINERY CENSUS.

IF THE ABOVE STATEMENTS HAVE NOT CONVINCED YOU TO, AT LEAST, ALLOW THE PRESENT LAW TO TAKE EFFECT, AND YOU ARE ADAMANT IN PURSUING ALL EFFORTS TO REINSTATE THIS GROSSLY DISCRIMINATORY TAX, THEN I WOULD ASK, EXPECT, EVEN DEMAND, THAT YOU ALSO IMPOSE A TAX ON JEWELRY, ANTIQUES, AND OTHER MEMORABILIA THAT PRODUCE NOTHING, AND CONTRIBUTE NOTHING TO THE ECONOMY.

I WOULD ALSO EXPECT YOU TO INCLUDE A PROVISION IN THE LAW TO ESTABLISH THE METHOD FOR ASSESSMENT OF VALUE FOR FARM EQUIPMENT, SUBJECT TO THE TAX. THIS PROVISION SHOULD STATE THAT SUCH VALUES SHALL BE TAKEN DIRECTLY FROM THE DEPRECIATION SCHEDULES OF FEDERAL INCOME TAX RETURNS, AND THAT NEVER AGAIN SHALL ANY ELECTED OR APPOINTED OFFICIAL BE ALLOWED TO ARBITRARILY ESTABLISH SUCH VALUES.

HOWEVER I'M CONFIDENT THAT YOU ARE COGNIZANT OF FARMERS PROBLEMS, AND THAT YOU DO APPRECIATE THE DILEMMA FARMERS ARE IN, AND THAT, IN ALL FAIRNESS, YOU WILL ALLOW THE EXEMPTION TO STAND UNCHALLENGED, SO THAT SUCH EXTREME MEASURES WILL NOT BE NECESSARY.

RESPECTFULLY,

TOM O. AKIN

Atch. 5

*Paul Fleming*

Attachment #6

Attachment #6  
COMMENTS ON THE MERITS OF S. B. # 47 & S. C. R. # 1604

I HAD THE PRIVILEGE OF ATTENDING THE HEARING ON THE ABOVE MEASURES ON JAN. 26TH, AND IT APPEARED TO ME THAT NEARLY ALL OF THE PROPONENTS OF THESE BILLS WERE REPRESENTATIVES OF TAXING UNITS, MOSTLY SCHOOL DISTRICTS, WHO WERE DEPLORING THE LOSS OF REVENUE DERIVED FROM THE TAXING OF FARM MACHINERY AS ENDANGERING THE ABILITY OF THEIR UNITS TO CONTINUE TO OPERATE.

MY ANSWER TO THIS IS THEY WILL HAVE TO DO WHAT THE FARMERS WERE FORCED TO DO WHEN THEY WERE SO VICIOUSLY PENALIZED BY THE GROSSLY OVERASSESSMENT OF THEIR EQUIPMENT, IN SPIITE OF THEIR VIOLENT PROTESTS, - THEY WILL HAVE TO CUT EXPENDITURES TO MEET THE PROBLEM. GOODNESS KNOWS THERE IS PLENTY OF FAT THAT CAN BE CUT FROM THE ADMINISTRATION OF ALL UNITS OF GOVERNMENT.

THE STATEMENT WAS MADE THAT MANY FARMERS HAD COMMENTED THAT THE EXEMPTION WAS TOO BROAD, AND SHOULD BE REVISED. I HAVE NO DOUBT THAT SUCH STATEMENTS HAVE BEEN MADE, BUT NOT BY BONAFIDE FARMERS - TILLERS OF THE LAND. PERHAPS BY LAND OWNERS, AND BY ABSENTEE LANDLORDS, WHO FORESEE A TAX SHIFT IN THE DIRECTION OF THEIR PROPERTY, BUT NOT BY THE PEOPLE WHO BUY AND USE THE EQUIPMENT, FUEL, FERTILIZER, SEED AND HERBICIDES.. THESE ARE THE PEOPLE WHO ARE FURTHER PENALIZED BY BEING TAXED FOR BEING EFFICIENT OPERATORS.

AS HAS BEEN POINTED OUT THERE ARE NOW 26 STATES THAT EXEMPT FARM MACHINERY FROM TAXATION, MANY OF THEM ALSO EXEMPT LIVESTOCK ALSO. THESE STATES HAVE RECOGNIZED THE ENORMOUS CONTRIBUTION FARMERS HAVE MADE TO THEIR ECONOMY, AND HAVE TAKEN THE STEPS NECESSARY TO INDICATE THEIR APPRECIATION.. IS KANSAS SO HARD HEARTED, SO UNFEELING, AS TO DENY THEIR FARMERS THE SAME RECOGNITION???? WE ARE ALL AWARE OF THE SEVERAL ATTEMPTS BY THE LEGISLATURE IN THE PAST TO RELIEVE SOME OF THE INEQUITIES THAT EXISTED, ONLY TO BE SHOT DOWN BY THE COURTS, AND/OR THE GOVERNOR. WE NOW HAVE A LAW, ACCEPTED BY THE COURTS AND APPROVED BY THE GOVERNOR THAT ACCOMPLISHED THAT GOAL. ARE WE NOW TO SCRAP THAT LAW, AND, IN TURN RISK SUPPORTING A NEW BILL, WHICH, IF ENACTED, WOULD ACCOMPLISH AT BEST ONLY A PORTION OF THE BENEFITS OF THE PRESENT LAW, AND SUBMIT THE FARMERS TO A MINIMUM OF 8 MORE YEARS OF HASSLE, DEBATE, AND ARBITRATION.

THERE ARE TWO STATEMENTS IN S. B. # 47 TO WHICH I MOST VIOLENTLY OBJECT: ONE IS THE DEFINITION OF "FAIR MARKET VALUE" WHICH IS AMBIGUOUS AT BEST, AND LEAVES THE DOOR OPEN TO VARIOUS MISINTERPRETATIONS.

THE OTHER IS THE PERMISSION GRANTED TO THE LOCAL, OR STATE ASSESSOR TO DEVIATE FROM THE ESTABLISHED VALUES AT HIS DISCRETION. WE HAVE BEEN DOWN THAT ROAD BEFORE, AND HAD OUR NOSES RUBBED IN IT TILL WE DAMN NEAR SUFFOCATED.

I WILL NEVER AGREE TO, OR ABIDE BY ANY LAW THAT CONTAINS SUCH A PROVISION.

THANK YOU FOR ALLOWING ME TO EXPRESS MY OPINIONS, AND RESPECTFULLY ASK FOR YOUR SERIOUS CONSIDERATION.

  
TOM O. AKIN

C.C. TO: MR. JOHN BLYTHE  
SENATOR JIM ALLEN  
SENATOR WINT WINTER, JR.  
REP. JESSIE BRANSON  
" BETTY JO CHARLTON  
" DAVID G. MILLER  
" JOHN SOLBACH  
" JIM BRADEN  
MR. WALTER THOME  
MR. GILBERT GILGES  
MR. DONALD PALMATEER  
MR. DONALD FUSTON

*Atch. 6*

Classification

Classification refers to a system of ad valorem property taxation involving the separation of property into groups to which different rates of taxation are applied. Classification may be authorized by a state's constitution and then implemented by statute, or the classes and rates of taxation may be specified in the constitution itself. Approximately ten states have classified property tax systems. In August voters in Missouri approved a constitutional amendment which divides real property into three classes — residential; agricultural; and utility, railroad, industrial, and commercial — and allows the Legislature to set the ratio for each class. Merchants' and manufacturers' inventories were also exempted, and the authority for homestead exemptions or refunds was extended to all owners or renters.

In Kansas, Article 11, Section 1 of the Constitution requires that the Legislature "provide for a uniform and equal rate of assessment and taxation" and authorizes the Legislature to classify and tax separately certain classes of personal property. Additionally, Article 11, Section 12 permits the Legislature to authorize use-valuation of agricultural land.

The 1981 Special Committee on Assessment and Taxation recommended passage of H.C.R. 5030, which would have amended Article 11, Section 1 of the Kansas Constitution to classify the property tax system. The interim tax committee had recommended the resolution as a means to minimize the shifts in tax burdens between classes of property that might otherwise occur after a reappraisal. The Committee also recommended a bill ordering a statewide reappraisal by the 1986 tax year, H.B. 2611 (see section below).



# Kansas State Department of Education

Kansas State Education Building Attachment #8  
120 East 10th Street Topeka, Kansas 66612

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February 25, 1982

TO: Representative James D. Braden  
Committee on Assessment and Taxation

FROM: Legislative Research Department and Division of  
Financial Services, State Department of Education

SUBJECT: Revised Computer Printout from 1981 Survey--State  
Totals (HCR 5030)

Attached are computer printouts from this summer's property tax survey.

Farm machinery under the classification resolution is shown at 10 percent of fair market value. This figure is only a guess and should be given no particular credence. In some cases it was necessary for the staff to make decisions related to the class of property as it was not specifically addressed in HCR 5030.

We have attached to this report current assessment ratios based on 1981 and the ratios that would be used in HCR 5030.

Column 3 of the printout shows estimated market values after reappraisal while Column 5 shows the estimated assessed valuation after reappraisal (30 percent).

*Atch. 8*

## RATIOS OF ASSESSMENT

	Assessment Ratio <u>Under HCR 5030</u>
RURAL REAL ESTATE	
Agricultural Non-Investment	6%
Homesites	8%
Planned Subdivision	8%
Spot Industrial and Commercial	15%
Recreational	15%
Agricultural Investment	6%
Mineral Interest	8%
URBAN REAL ESTATE	
Residential	8%
Multi-Family	8%
Commercial	15%
Industrial	15%
Vacant Lots	8%
Mineral Interest	8%
STATE ASSESSED	
Railroads - Rural	15%
Railroads - Urban	15%
All Other - Rural	30%
All Other - Urban	30%
OIL AND GAS PRODUCTION	
Oil - Rural	30%
Working	30%
Royalty	30%

Assessment  
Ratio  
Under HCR 5030

Gas - Rural	30%
Working	30%
Royalty	30%
Oil - Urban	30%
Working	30%
Royalty	30%
Gas - Urban	30%
Working	30%
Royalty	30%
RURAL PERSONAL PROPERTY OTHER THAN OIL AND GAS PRODUCTION	
Trucks, Buses, and Motor Homes	30%
Beds-Bodies	30%
Mobile Homes and Trailers	15%
Misc. Transportation	30%
Household Furniture Income Property	30%
Farm Seeds and Stocks	30%
Farm Machinery*	10%
Irrigation Equipment*	10%
Livestock**	0%
Merchants Inventory**	0%
Manufacturers Inventory**	0%
Office Equipment-Furniture	15%
Equipment-Leased and Owned	15%
Lessors Furniture	15%

\*Staff Estimate

\*\*This will be assessed at 24% the first year, 18% the second year, 12% the third year, 6% the fourth year, and exempt the fifth year and thereafter.

	Assessment Ratio <u>Under HCR 5030</u>
Non-Interstate Commerce (Inventory)**	0%
Leasehold Improvement	15%
Community TV Equipment	15%
Other Tangible Property	30%
URBAN PERSONAL PROPERTY OTHER THAN OIL AND GAS PRODUCTION	
Trucks, Buses, and Motor Homes	30%
Beds-Bodies	30%
Mobile Homes and Trailers	15%
Misc. Transportation	30%
Household Furniture Income Property	30%
Farm Seeds and Stocks	30%
Farm Machinery*	10%
Irrigation Equipment*	10%
Livestock**	0%
Merchants Inventory**	0%
Manufacturers Inventory**	0%
Office Equipment-Furniture	15%
Equipment-Leased and Owned	15%
Lessors Furniture	15%
Non-Interstate Commerce (Inventory)**	0%
Leasehold Improvement	15%
Community TV Equipment	15%
Other Tangible Property	30%

\*Staff Estimate

\*\*This will be assessed at 24% the first year, 18% the second year, 12% the third year, 6% the fourth year, and exempt the fifth year and thereafter.

SALES RATIO STUDY FOR 1981

County	URBAN RATIOS					RURAL RATIOS						
	Residential	Multi-family	Commercial	Industrial	Vacant Lot	Ag. Inv.	Ag. Non-Inv.	Home Site	Planned Sub-Div.	Commercial	Ind.	Rec.
Allen	10.00	11.00	16.00	14.00	6.00	5.00	5.00	5.00	8.00	7.00	8.00	--
Anderson	10.00	2.00	21.00		5.00	6.00	4.00	9.00	13.00	11.00	--	--
Atchison	10.00	15.00	8.00		11.00	4.00	5.00	8.00	22.00	5.00	--	--
Barber	7.00	15.00	10.00		5.00	4.00	7.00	--	--	1.00	--	--
Barton	8.00	7.00	12.00		4.00	5.00	--	7.00	9.00	4.00	6.00	2.00
Bourbon	9.00	14.00	14.00		5.00	5.00	6.00	7.00	11.00	16.00	--	--
Brown	12.00		19.00		11.00	5.00	9.00	9.00	--	--	--	--
Butler	9.00	10.00	10.00	5.00	5.00	6.00	5.00	7.00	9.00	9.00	--	--
Chase	9.00		7.00		3.00	6.00	6.00	6.00	--	--	--	--
Chautauqua	7.00	11.00	9.00		4.00	3.00	5.00	3.00	--	4.00	--	--
Cherokee	10.00	17.00	13.00		5.00	5.00	4.00	6.00	6.00	5.00	--	2.00
Cheyenne	8.00		8.00		8.00	3.00	--	5.00	1.00	4.00	--	--
Clark	11.00		36.00		6.00	6.00	--	--	--	--	--	--
Clay	12.00	18.00	13.00		8.00	6.00	--	7.00	--	--	--	--
Cloud	13.00	20.00	23.00		11.00	6.00	4.00	6.00	3.00	19.00	--	--
Coffey	9.00		18.00		4.00	5.00	6.00	6.00	5.00	20.00	--	--
Comanche	13.00		30.00	29.00	7.00	4.00		7.00				
Cowley	9.00	11.00	15.00		6.00	5.00	2.00	5.00	10.00	8.00	--	--
Crawford	7.00	8.00	11.00	5.00	5.00	4.00	4.00	5.00	5.00		12.00	--
Decatur	9.00		7.00	20.00	9.00	4.00	4.00	3.00				
Dickinson	11.00	18.00	15.00		12.00	6.00	7.00	6.00	3.00	16.00	--	17.00
Doniphan	11.00		15.00		4.00	4.00		6.00		10.00	2.00	--
Douglas	9.00	9.00	8.00	9.00	6.00	4.00	4.00	5.00	9.00	12.00	--	--
Edwards	10.00		23.00		4.00	4.00	3.00	2.00		12.00	--	--
Elk	13.00		18.00		6.00	5.00	7.00	6.00		3.00	--	--
Ellis	7.00	7.00	8.00		4.00	3.00	3.00	4.00	4.00	1.00	--	--
Ellsworth	10.00		19.00		7.00	5.00		9.00		11.00	--	7.00
Finney	10.00	8.00	14.00		7.00	4.00	8.00	8.00	10.00	9.00	--	--
Ford	9.00	10.00	9.00		4.00	6.00	5.00	5.00	6.00	5.00	5.00	--
Franklin	9.00	15.00	13.00		2.00	5.00	4.00	5.00	3.00	2.00	--	--
Geary	11.00	14.00	17.00		5.00	5.00	7.00	4.00	11.00		--	--
Gove	8.00		11.00		4.00	4.00		4.00		1.00	--	--
Graham	8.00		22.00	26.00	6.00	3.00		3.00		8.00	--	--
Grant	9.00		12.00		7.00	5.00	2.00	3.00		7.00	--	--
Gray	10.00		11.00		7.00	6.00		16.00		2.00	--	--
Greeley	13.00				9.00	7.00	16.00	8.00			--	--
Greenwood	8.00	13.00	14.00		6.00	4.00		3.00	6.00	8.00	6.00	--
Hamilton	9.00		6.00		6.00	6.00	4.00	3.00			--	--
Harper	10.00	7.00	13.00		7.00	5.00		9.00		5.00	19.00	--
Harvey	9.00	12.00	13.00	15.00	7.00	5.00		7.00	10.00		--	--

URBAN RATIOS

RURAL RATIOS

County	URBAN RATIOS					RURAL RATIOS						
	Residential	Multi-family	Commercial	Industrial	Vacant Lot	Ag. Inv.	Ag. Non-Inv.	Home Site	Planned Sub-Div.	Commercial	Ind.	Rec.
Haskell	8.00	---	12.00	---	6.00	5.00	6.00	1.00	---	13.00	---	---
Hodgeman	11.00	---	13.00	---	4.00	6.00	6.00	7.00	7.00	---	---	---
Jackson	9.00	31.00	11.00	---	6.00	5.00	5.00	7.00	8.00	5.00	---	---
Jefferson	9.00	7.00	10.00	---	5.00	4.00	3.00	6.00	10.00	7.00	---	---
Jewell	15.00	---	31.00	2.00	10.00	5.00	---	---	16.00	28.00	---	---
Johnson	7.00	9.00	7.00	6.00	5.00	2.00	3.00	5.00	6.00	5.00	---	---
Kearny	10.00	---	---	---	4.00	7.00	7.00	6.00	5.00	---	---	---
Kingman	8.00	11.00	9.00	---	2.00	5.00	2.00	2.00	4.00	---	---	---
Kiowa	11.00	---	25.00	---	10.00	5.00	---	6.00	---	---	---	---
Labette	9.00	9.00	13.00	14.00	4.00	5.00	36.00	5.00	25.00	16.00	---	---
Lane	12.00	---	26.00	---	11.00	4.00	---	7.00	---	---	---	---
Leavenworth	10.00	12.00	9.00	---	4.00	4.00	4.00	7.00	6.00	3.00	4.00	10.00
Lincoln	10.00	---	18.00	6.00	10.00	6.00	7.00	10.00	---	---	---	8.00
Linn	10.00	10.00	11.00	---	5.00	4.00	3.00	3.00	8.00	2.00	---	1.00
Logan	8.00	---	9.00	---	8.00	4.00	---	4.00	---	---	---	---
Lyon	10.00	11.00	14.00	9.00	9.00	5.00	2.00	6.00	10.00	16.00	---	---
Marion	8.00	---	12.00	16.00	8.00	6.00	5.00	5.00	7.00	---	---	---
Marshall	13.00	8.00	17.00	10.00	8.00	5.00	6.00	6.00	8.00	4.00	2.00	---
McPherson	9.00	9.00	19.00	18.00	10.00	6.00	4.00	4.00	4.00	11.00	---	---
Meade	10.00	16.00	3.00	---	3.00	7.00	---	3.00	---	5.00	---	---
Miami	9.00	12.00	12.00	---	3.00	4.00	4.00	4.00	8.00	6.00	---	---
Mitchell	9.00	12.00	14.00	---	4.00	5.00	---	4.00	5.00	11.00	---	---
Montgomery	9.00	14.00	10.00	18.00	5.00	4.00	---	6.00	6.00	30.00	---	---
Morris	11.00	---	16.00	---	4.00	7.00	---	8.00	10.00	---	---	---
Morton	9.00	---	41.00	---	3.00	8.00	---	9.00	---	4.00	---	---
Nemaha	13.00	---	14.00	---	6.00	5.00	---	8.00	---	27.00	---	6.00
Neosho	9.00	24.00	11.00	13.00	6.00	5.00	5.00	8.00	8.00	5.00	---	---
Ness	10.00	---	12.00	---	6.00	5.00	---	13.00	---	5.00	---	---
Norton	9.00	---	21.00	---	7.00	4.00	8.00	2.00	10.00	6.00	---	---
Osage	10.00	---	17.00	---	8.00	7.00	5.00	5.00	6.00	9.00	---	---
Osborne	12.00	---	27.00	---	12.00	5.00	---	9.00	---	---	---	---
Ottawa	14.00	---	13.00	---	5.00	7.00	---	6.00	12.00	9.00	---	---
Pawnee	9.00	---	10.00	---	9.00	5.00	---	6.00	---	---	---	---
Phillips	10.00	---	19.00	---	5.00	4.00	6.00	6.00	---	9.00	3.00	---
Pottawatomie	9.00	---	8.00	---	7.00	6.00	5.00	7.00	8.00	8.00	3.00	10.00
Pratt	10.00	6.00	18.00	47.00	11.00	6.00	8.00	8.00	---	9.00	---	---
Rawlins	8.00	---	10.00	---	5.00	4.00	---	3.00	---	---	---	---
Reno	10.00	11.00	13.00	11.00	4.00	4.00	5.00	6.00	9.00	6.00	---	6.00
Republic	17.00	6.00	16.00	10.00	11.00	6.00	3.00	4.00	---	40.00	---	---
Rice	12.00	13.00	13.00	1.00	13.00	7.00	---	12.00	8.00	19.00	14.00	---
Riley	11.00	11.00	17.00	3.00	6.00	8.00	6.00	8.00	11.00	1.00	---	10.00
Rooks	9.00	---	12.00	---	6.00	4.00	6.00	5.00	---	5.00	---	---
Rush	14.00	---	14.00	---	8.00	6.00	---	6.00	---	---	---	---
Russell	7.00	---	10.00	---	11.00	4.00	5.00	2.00	7.00	2.00	---	---
Saline	8.00	8.00	12.00	---	4.00	5.00	6.00	5.00	7.00	5.00	---	---

County	URBAN RATIOS					RURAL RATIOS						
	Residential	Multi-family	Commercial	Industrial	Vacant Lot	Ag. Inv.	Ag. Non-Inv.	Home Site	Planned Sub-Div.	Commercial	Ind.	Rec.
Scott	7.00	---	8.00	---	4.00	5.00	2.00	3.00	6.00	6.00	---	---
Sedgwick	8.00	10.00	11.00	9.00	1.00	4.00	3.00	4.00	5.00	13.00	8.00	---
Seward	8.00	9.00	9.00	---	5.00	6.00	4.00	4.00	---	1.00	---	---
Shawnee	8.00	10.00	13.00	---	3.00	5.00	5.00	7.00	8.00	4.00	---	8.00
Sheridan	6.00	---	15.00	---	16.00	3.00	---	4.00	---	3.00	---	---
Sherman	9.00	---	8.00	---	9.00	4.00	4.00	6.00	5.00	1.00	---	---
Smith	17.00	---	27.00	---	6.00	5.00	10.00	---	---	22.00	---	---
Stafford	10.00	23.00	21.00	---	8.00	4.00	---	3.00	---	---	---	---
Stanton	9.00	---	20.00	---	6.00	11.00	---	---	---	---	---	---
Stevens	10.00	---	12.00	---	5.00	5.00	14.00	11.00	---	16.00	---	---
Sumner	7.00	9.00	11.00	---	5.00	4.00	---	4.00	5.00	5.00	---	---
Thomas	8.00	12.00	8.00	21.00	9.00	4.00	---	5.00	7.00	4.00	---	---
Trego	10.00	12.00	10.00	---	11.00	4.00	3.00	2.00	---	15.00	---	---
Wabaunsee	10.00	---	8.00	---	6.00	5.00	5.00	3.00	7.00	8.00	---	---
Wallace	11.00	---	9.00	---	5.00	5.00	---	4.00	---	---	---	---
Washington	15.00	---	13.00	---	12.00	6.00	---	9.00	10.00	15.00	---	---
Wichita	11.00	---	31.00	---	11.00	6.00	---	---	---	5.00	---	---
Wilson	11.00	---	12.00	18.00	5.00	5.00	5.00	6.00	10.00	14.00	1.00	2.00
Woodson	10.00	---	5.00	---	3.00	6.00	5.00	7.00	9.00	7.00	---	9.00
Wyandotte	9.00	11.00	13.00	6.00	6.00	6.00	---	7.00	---	7.00	---	---





## 1981 PROPERTY VALUES

\*\*\* STATE TOTALS \*\*\*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	1981 ASSESSED VALUATION	% OF TOTAL OF COL 1	ESTIMATED MARKET VALUE OF EACH PROPERTY CLASS	% OF TOTAL OF COL 3	ESTIMATED ASSESSED VALUATION AFTER APPRAISAL	% OF TOTAL OF COL 5	ASSD VAL UTIL HCR 5030 AS AMENDED BY H COM - 5TH YR	% OF TOTAL OF COL 7
27. WORKING	838,708,230	8.0	2,795,693,983	3.0	838,708,230	3.0	838,708,230	8.2
28. ROYALTY	172,612,218	1.6	575,373,954	.6	172,612,218	.6	172,612,218	1.7
29. GAS - RURAL								
30. WORKING	590,908,092	5.6	1,969,693,594	2.1	590,908,092	2.1	590,908,092	5.8
31. ROYALTY	108,461,037	1.0	361,536,744	.4	108,461,037	.4	108,461,037	1.1
32. OIL - URBAN								
33. WORKING	4,058,257	.0	13,527,512	.0	4,058,257	.0	4,058,257	.0
34. ROYALTY	492,205	.0	1,640,676	.0	492,205	.0	492,205	.0
35. GAS - URBAN								
36. WORKING	186,780	.0	622,599	.0	186,780	.0	186,780	.0
37. ROYALTY	35,115	.0	117,049	.0	35,115	.0	35,115	.0
38. TOTAL OIL AND GAS PRODUCTION	1,715,461,934	16.3	5,718,206,111	6.1	1,715,461,934	6.1	1,715,461,934	16.8
39. RURAL PERSONAL PROPERTY OTHER THAN OIL AND GAS PRODUCTION								
*40. TRUCKS, BUSES, AND MOTOR HOMES	55,843,873	.5	186,145,998	.2	55,843,873	.2	55,843,873	.5
41. BEDS-BODIES	6,990,970	.1	23,302,949	.0	6,990,970	.0	6,990,970	.1
*42. MOBILE HOMES AND TRAILERS	30,358,897	.3	101,196,042	.1	30,358,897	.1	15,179,438	.1
*43. MISC. TRANSPORTATION	12,498,752	.1	41,662,303	.0	12,498,752	.0	12,498,752	.1
44. HOUSEHOLD FURNITURE-INCOME PROPERT	306,840	.0	1,022,772	.0	306,840	.0	306,840	.0
45. FARM SEEDS AND STOCKS	47,607	.0	158,681	.0	47,607	.0	47,607	.0
46. FARM MACHINERY	421,084,194	4.0	1,403,613,698	1.5	421,084,194	1.5	140,361,450	1.4
47. IRRIGATION EQUIPMENT	42,913,960	.4	143,046,343	.2	42,913,960	.2	14,304,688	.1
48. LIVESTOCK	171,291,184	1.6	570,970,319	.6	171,291,184	.6	0	.0
49. MERCHANTS INVENTORY	45,126,098	.4	150,420,138	.2	45,126,098	.2	0	.0
50. MANUFACTURERS INVENTORY	136,153,542	1.3	453,845,057	.5	136,153,542	.5	0	.0
51. OFFICE EQUIPMENT-FURNITURE	12,831,022	.1	42,769,970	.0	12,831,022	.0	6,415,518	.1
52. EQUIPMENT-LEASED AND OWNED	95,366,525	.9	317,888,261	.3	95,366,525	.3	47,683,274	.5
53. LESSORS FURNITURE	39,077	.0	130,243	.0	39,077	.0	19,542	.0
54. NON-INTERSTATE COMMERCE (INVENTORY)	881,033	.0	2,936,752	.0	881,033	.0	0	.0
55. LEASEHOLD IMPROVEMENT	8,075,903	.1	26,919,544	.0	8,075,903	.0	4,037,963	.0
56. COMMUNITY TV EQUIPMENT	790,204	.0	2,633,992	.0	790,204	.0	395,105	.0
57. OTHER TANGIBLE PROPERTY	42,840,148	.4	142,800,316	.2	42,840,148	.2	42,840,148	.4

\* THIS PROPERTY COULD FALL INTO MORE THAN ONE CLASS,  
THEREFORE, THE RATIOS HAVE BEEN ESTIMATED

## 1981 PROPERTY VALUES

\*\*\* STATE TOTALS \*\*\*

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	1981 ASSESSED VALUATION	% OF TOTAL OF COL 1	ESTIMATED MARKET VALUE OF EACH PROPERTY CLASS	% OF TOTAL OF COL 3	ESTIMATED ASSESSED VALUATION AFTER APPRAISAL	% OF TOTAL OF COL 5	ASSD VAL UTIL. HCR 5030 AS AMENDED BY H COM - 5TH YR	% OF TOTAL OF COL 7
58. TOTAL RURAL PERSONAL PROPERTY OTHER THAN OIL AND GAS PRODUCTION	1,083,439,829	10.3	3,611,463,378	3.8	1,083,439,829	3.8	346,925,168	3.4
59. URBAN PERSONAL PROPERTY OTHER THAN OIL AND GAS PRODUCTION								
*60. TRUCKS, BUSES, AND MOTOR HOMES	49,771,365	.5	165,904,398	.2	49,771,365	.2	49,771,365	.5
61. BEDS-BODIES	5,529,013	.1	18,429,876	.0	5,529,013	.0	5,529,013	.1
*62. MOBILE HOMES AND TRAILERS	32,164,351	.3	107,214,350	.1	32,164,351	.1	16,082,183	.2
*63. MISC. TRANSPORTATION	18,284,972	.2	60,949,739	.1	18,284,972	.1	18,284,972	.2
64. HOUSEHOLD FURNITURE-INCOME PROPERT	1,775,674	.0	5,918,861	.0	1,775,674	.0	1,775,674	.0
65. FARM SEEDS AND STOCKS	173,885	.0	579,615	.0	173,885	.0	173,885	.0
66. FARM MACHINERY	1,542,512	.0	5,141,615	.0	1,542,512	.0	514,189	.0
67. IRRIGATION EQUIPMENT	42,890	.0	142,965	.0	42,890	.0	14,297	.0
68. LIVESTOCK	296,378	.0	987,870	.0	296,378	.0	0	.0
69. MERCHANTS INVENTORY	256,784,492	2.4	855,948,120	.9	256,784,492	.9	0	.0
70. MANUFACTURERS INVENTORY	153,458,325	1.5	511,527,641	.5	153,458,325	.5	0	.0
71. OFFICE EQUIPMENT-FURNITURE	56,507,647	.5	188,358,717	.2	56,507,647	.2	28,253,827	.3
72. EQUIPMENT-LEASED AND OWNED	183,251,570	1.7	610,838,431	.6	183,251,570	.6	91,625,780	.9
73. LESSORS FURNITURE	12,451,323	.1	41,504,380	.0	12,451,323	.0	6,225,665	.1
74. NON-INTERSTATE COMMERCE (INVENTORY)	6,988,839	.1	23,296,114	.0	6,988,839	.0	0	.0
75. LEASEHOLD IMPROVEMENT	11,777,821	.1	39,259,315	.0	11,777,821	.0	5,888,918	.1
76. COMMUNITY TV EQUIPMENT	4,704,991	.0	15,683,255	.0	4,704,991	.0	2,352,493	.0
77. OTHER TANGIBLE PROPERTY	132,269,527	1.3	440,898,289	.5	132,269,527	.5	132,269,527	1.3
78. TOTAL URBAN PERSONAL PROPERTY OTHER THAN OIL AND GAS PRODUCTION	927,775,575	8.8	3,092,583,551	3.3	927,775,575	3.3	358,761,788	3.5
79. GRAND TOTAL	10,518,517,331		94,409,877,329		28,322,965,075		10,229,861,187	

\* THIS PROPERTY COULD FALL INTO MORE THAN ONE CLASS, THEREFORE, THE RATIOS HAVE BEEN ESTIMATED

## House Concurrent Resolutions

5006<sup>(81)</sup> - would require farm machinery and equipment to be valued at loan value less depreciation. (Braden)

5007<sup>(81)</sup> - would permit the Legislature, by law, to provide for the partial or total exemption of any tangible personal property (Braden)

5008<sup>(81)</sup> - would "phase out" the property tax on inventories, livestock, and farm machinery and equipment over 10 yrs. (Yost)

5012<sup>(81)</sup> - comprehensive classification amendment (Weaver)

5025<sup>(81)</sup> - comprehensive classification amendment (HAT)

5030<sup>(82)</sup> - comprehensive classification amendment (SCAD)

5056 - would add a new section to the Constitution to permit a property tax freeze, for homes of the low-income elderly or disabled, upon reappraisal (Jarchow)

5008(1983) - comprehensive classification amendment (Jarchow)

5059(1983) - comprehensive classification amendment (HAT)

## Senate Concurrent Resolutions

1601 (1981) - wd permit partial exemptions of real property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes. (SCAT)

1630 (1981) - wd permit temporary classification (to be phased out in 10 annual increments) whenever the total of the appraised value of real property within any county is increased by more than 10% as a result of a program of statewide reappraisal. (SAT)

1636 (1981) - would "phase out" the property tax on tangible personal property over a 10 year period (SAT)

1654 (1981) - would permit the Legislature to classify property, by law, for the assessment and taxation of property. (Chamney)