

Testimony to House Taxation Committee on HB2501
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Chairman Carlson and Other Honorable Representatives:

On behalf of the Greater Kansas City Chamber of Commerce, we are providing this written testimony in favor of House Bill 2501. I regret that due to a prior commitment I may not be there today in person. HB 2501 simply clarifies what many of us believe was the original intent of the exemption of commercial and industrial machinery and equipment when adopted in 2006, that such newly acquired property was to be exempted whether it was attached to real estate or not. In fact the legislature has rejected county appraisers' efforts to reclassify commercial and industrial machinery and equipment as real property since 2008. Now the COTA decision has given appraisers what they couldn't have received from the legislature - a defacto reclassification of C&I M&E as real property. This cannot stand.

This decision is bad for manufacturing and industrial operations all across the state. The state's refineries, fertilizer plants, and auto and remaining aircraft manufacturing plants are all big users and frequent purchasers of expensive machinery and equipment upgrades. These industries contribute much to the state and provide some of the highest paying jobs in the state. This decision will massively increase their tax burden and it is only a matter of time before the larger counties will challenge the taxpayer's rightful claim of exemption in all these cases and the decision will have a serious and negative impact on the state's competitive business environment. We agree with the state chamber and the Secretary of Commerce. This was not the intent of the legislature in 2006.

We hope the committee will work the bill at an early date and pass it forward with a favorable recommendation. Thank you for the opportunity to express our support for this bill.