



**Kansas Grain & Feed Association
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February 1, 2012

To: Senate Committee on Assessment and Taxation

From: Randy E. Stookey, General Counsel, Kansas Grain & Feed Association and Kansas Agribusiness Retailers Association; and, Leslie Kaufman, President and CEO, Kansas Cooperative Council

Re: Senate Bill 317—defining real and personal property for taxation purposes

Chairman Donovan and members of the Committee, thank you for the opportunity to comment in support of SB 317. The members of the Kansas Cooperative Council, Kansas Grain & Feed Association, and Kansas Agribusiness Retailers Association represent hundreds of agricultural businesses across the state of Kansas that provide grain handling and crop inputs for Kansas farmers.

Recent decisions by the Kansas Court of Tax Appeals will allow county appraisers to define, as real property, certain materials and equipment that are “constructively attached” to the land. Such materials and equipment have historically been defined and taxed as personal property. Should county appraisers continue to follow this clear deviation from historical precedent in Kansas tax law, the negative fiscal impact on Kansas Agribusiness will be both tangible and profound.

SB 317 amends K.S.A. 79-102 of the tax code by defining the term “real property” to specifically exclude materials and equipment defined as “trade fixtures.” This is to ensure that those materials and equipment used in the normal course of business are once again appropriately assessed and taxed as personal property rather than as real property. Our Associations stand in full support of this bill as an attempt to ensure the continued strength and viability of Kansas agribusiness.

Without the remedy offered by SB 317, large portions of the Kansas ag-industry will suffer an economic hit that will reverberate throughout the general Kansas economy. These new tax determinations will cause our state to become a vastly more expensive place to conduct business. Fewer new businesses will venture into Kansas as they begin to understand the magnitude of this new expense. Further, without SB 317, the Kansas Court of Tax Appeals docket will soon be over-whelmed by an increased volume of property tax valuation appeals.

Therefore, we encourage the committee to act favorably on SB 317 and to pass it out of committee. I thank you for your consideration, and would be happy to stand for questions at the appropriate time.

Sn. Assmnt & Tax
2-1-12

Attachment # 2