

**Testimony on HCR 5017 relating to Watercraft Taxation
To
The Senate Committee on Assessment and Taxation**

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HCR 5017 would allow the voters of the State of Kansas to amend the property tax classification section of the Kansas Constitution to authorize the Legislature to classify watercraft on a different basis from other personal property. **The Department supports the provisions contained in the resolution.**

Watercraft in Kansas is assessed at the personal property rate of thirty percent of fair-market value, which is considered onerous by some and likely causes many Kansas resident vessel owners to register their watercraft in surrounding states with much lower tax rates. Fewer vessel registrations in the State of Kansas also mean that the Department obtains a reduced federal aid allocation as a result.

In addition, higher tax rates result in individuals retaining watercraft for a longer period of time instead of upgrading to newer watercraft. Instead of trading, individuals who do register their vessel in the State keep them longer to avoid higher taxation rates. High tax rates also place marina and vessel dealers in Kansas at a competitive disadvantage with dealers in neighboring states. Rather than purchase a vessel here in Kansas, vessels are purchased in surrounding states and registered there.

For background information, there are approximately 100,000 registered vessels in Kansas.

In summary, passage of the legislation could result in more revenue to the State through increased registrations and federal aid, which is then used to pay for boat ramps, safety marker buoys, boater education and enforcement. Additionally, passage may stimulate the Kansas economy in the form of more vessels sold. The Department appreciates the support of the Committee in passage of the resolution.