

STATE OF KANSAS
HOUSE OF REPRESENTATIVES

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HCR 5017

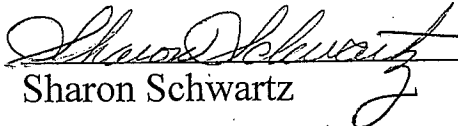
Chairman Donovan and Committee Members,

I appear today in support of **HCR 5017** which would allow the legislature to provide for separate classification and taxation of watercraft and to exempt such property from the property taxation and impose taxes in lieu of.

I have been contacted by several of my constituents who have voiced their concerns over the current structure of taxing watercraft in Kansas. In fact one man explained to me that the tax on his small boat was higher than his motor home that he used to pull the boat to the parks. Furthermore, they indicate that they soon noticed that many of the boats at the lake were not registered in Kansas but instead were registered in states that adjoin Kansas.

Kansas is losing revenue under the current tax policy as owners choose to move their boats to surrounding states for storage where the tax policy is more equitable. It certainly appears to me that it is time that we address the current policy. I ask for your support of this resolution that I believe will resolve the issue and actually bring the revenue back to the State of Kansas.

Attached is a reprint of an article from the Topeka Capital dated January 15, 2011, which relates to owning a boat in Kansas.


Sharon Schwartz

Sn. Assmnt & Tax
2-2-12
Attachment # 3

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Owning boat in Ks. a taxing proposition

Posted: January 15, 2011 - 1:37pm



MARC MURRELL/SPECIAL TO THE CAPITAL JOURNAL

Anglers and pleasure boaters pay more personal property taxes on their boats than they do their vehicles or campers. Boats are taxed at a much higher rate and new boat personal property taxes are outrageous. According to officials, this causes about 10,000 boat owners to register their boats, many illegally, in other states.

By Marc Murrell

SPECIAL TO THE CAPITAL JOURNAL

Two things in life they say are absolute ... death and taxes. While many don't like either the latter is the easier of the two to deal with.

However, if you own a boat and live in Kansas you almost get a two-for-one. You open your personal property tax statement for your boat and nearly die when you see how much you'll pay in taxes.

Anyone who owns a boat in Kansas knows the feeling and I'm betting there isn't a single boat owner who feels this tax is equitable or fair. Personal property taxes on boats are nothing short of outrageous.

Don't get me wrong. I have no problem whatsoever paying my fair share of taxes, and I do. After all, taxes pay for the public works of our country in roads, schools, city, state and federal government and their programs, the military and the list goes on and on. Most citizens pay their fair share.

However, in the case of boats, the equality in taxation seems to get lost.

So what's the reason?

Boats are taxed at a much higher rate than vehicles, real estate, campers and other personal property. Each county uses a marine blue book to get an appraised value of the boat. This value is taxed at 30 percent to give you the assessed value. That figure is then multiplied by the local mill levy and this is the amount of taxes you pay.

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Some say boats are a "luxury" item but I guess I don't buy it. I know guys with boats that are 15 years old or cost \$500 and the taxes paid on these are still way too high comparatively. Boats are lumped in with helicopters, hot air balloons, airplanes and other property. If a guy had his own helicopter, I guess I could consider that a luxury. But you wouldn't catch many fish out of it or pull the kids tubing.

These exorbitant taxes are causing some boat owners to skirt or break the law according to officials with the Kansas Department of Wildlife and Parks (KDWP).

"We've got boat owners registering their boats in other states to avoid paying property taxes in Kansas," said Dan Heskett, assistant director of law enforcement for the KDWP. "Boats must be registered where they are used the MAJORITY of the time, so if an individual uses their boat in Missouri, Nebraska, Oklahoma or wherever they register it more than Kansas, then that's fine. But if that boat is used in Kansas more, they're breaking the law."

Heskett said the KDWP has only written a handful of tickets on improper boat registrations over the years.

"We asked a couple guys with boats registered in Oklahoma when the last time they used their boat in that state and they said, 'Never,' so those were pretty easy," Heskett said.

KDWP enforcement officers have no way to prove where a boat owner uses their boat, and as long as it's properly registered when checked, it's fine, according to Heskett.

"We can't do anything about it," he said. "Several of our surrounding states don't have any personal property taxes on boats, so apparently it's easy to do."

The KDWP officials estimate about 10,000 boats are registered to other states. Oklahoma has nearly half of these. This costs Kansas' counties hundreds of thousands of dollars in taxes. Even assuming a modest figure of \$300 per boat, that's \$3 million.

The KDWP loses money, too, in boat registrations to the tune of about \$300,000. This money would be available for matching money from federal funding sources also, increasing this figure dramatically. Hundreds of thousands of dollars could be used to improve boat ramps, docks, restroom facilities, law enforcement and boating education.

Is it right Kansas boat owners register their boats in other states?

No.

Do you blame them?

Not really.

I blame the high rate of taxation on boats. If personal property taxes on boats were more in line with vehicles, campers and other personal property, it would alleviate many of these problems. Granted, there will always be those who don't want to pay ANY taxes, but that isn't the problem. This inequity in taxation on boats causes normally law abiding citizens to find a loophole.

So what's the answer?

"It's got to be changed legislatively," Heskett said. "We've tried in the past but failed. Boat owners need to get organized and talk to their senators and representatives and tell them they want to see it changed."

With the 2011 session of the Kansas Legislature kicking off last week, here's a place to start.

You often hear politicians talk about wanting to help the "Average Joe" but in many cases their hands are tied. Not in this one. Someone could introduce a bill that could lower taxes for boat owners, while at the same time generating more money for counties and the KDWP. In addition, 70 percent of registered Kansas boats are 13 years or older. Bringing the property tax into reason may spur an economic boost to the Marine Boat Dealer industry and allow boaters to be in modern, updated vessels that are safer and more practical for the environment.

Individuals wouldn't be as inclined to break the law and money would be distributed where it should be if boats were taxed in a more equitable manner, or at least on par with campers and vehicles. It might encourage more families to get outside and enjoy Kansas waters fishing and boating. Boat owners aren't asking for a free ride, just one that doesn't sink them every year when they pay their personal property taxes.