

JEFFERSON COUNTY

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To: House Committee on Taxation
From: Richard Malm | Jefferson County Commissioner
Date: February 18, 2013
Re: Testimony Opposing House Bill 2244

Good afternoon, and thank you for the opportunity to testify in opposition to House Bill 2244. My name is Richard Malm, and I have served as a Jefferson County Commissioner since 2009. HB 2244 is particularly of interest to my county because of Perry Lake and the significant lake activity in our community. If Kansas moves forward with HB 2244 it will cause a significant negative impact in Jefferson County and every community with lake activity.

Last year, the Kansas Legislature initiated HCR 5017, which placed a constitutional amendment on the 2012 ballot. The policy arguments noted that Kansas has an incredibly high property tax on boats compared to surrounding states. The effect is that Kansans were fraudulently registering their boats out of state to avoid paying taxes. The arguments for passing HCR 5017 included claims that if Kansas lowered property taxes on boats, we could see an increase in revenues by bringing our tax burden in line with surrounding states, so boat owners would properly register in state. This will not happen if the Legislature eliminates the tax altogether, and doing so will cause great harm to our county and Lake Perry.

Taxes should have a connection to services, and the watercraft property tax helps support law enforcement and safety services at Lake Perry. For the 2012 Tax Year, Jefferson County certified \$5,041,929 in watercraft-assessed value, which is most of our total assessed individual personal-property value (\$7,381,710). By multiplying the watercraft-assessed value times Jefferson County's average 2012 mill levy (140.420), we could lose around \$708,000 in revenue if the legislature exempts watercraft completely. Eliminating the watercraft tax further narrows the tax base and shifts the burden to other taxpayers through the ad valorem property tax. The current revenues help make it possible for all Kansans to enjoy Lake Perry, and while Kansas may currently have a high property tax on boats, it would be incredibly harmful to overcorrect and eliminate the tax outright.

Jefferson County strongly opposes HB 2244. The tax on watercraft ensures that Kansas can enjoy its "Paradise on the Plains." Eliminating the watercraft tax will cut a significant percentage of our revenue and damage Jefferson County's capacity to serve its citizens and the Kansans who expect Lake Perry to be a worthwhile and accessible destination. I am happy to provide any information on how this will harm Jefferson County, and I ask you to oppose passing the bill.

House Taxation
Date: 2/18/13
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