

**Testimony before the House Taxation Committee
HB 2285 – Defining Personal & Real Property
Presented by J. Kent Eckles, Vice President of Government Affairs
Thursday, February 21st, 2013**

The Kansas Chamber of Commerce appreciates the opportunity to present testimony in favor of House Bill 2285, which would define personal and real property regarding property taxation.

As many of you may recall, during the 2006 legislative session, the legislature passed a property tax exemption on business machinery and equipment with a two thirds majority in both the House & Senate. Then-Governor Sebelius signed the bill into law and successive Governors and Secretaries of Commerce and Revenue have all touted the economic benefits of this property tax exemption.

This exemption is not only a major incentive for our members to invest in business machinery and equipment and remain in Kansas - it's also a significant economic development incentive that attracts companies to the State.

For decades, the clear intent of Kansas property tax law has been if machinery and equipment was attached to a building to serve the purposes of the building, it was considered part of the real estate. Conversely, if said equipment was attached to the building to serve the purposes of the business, it was considered personal property.

Unfortunately, some counties in Kansas are misclassifying personal property as real estate, which was not the intent of the 2006 legislature. The bill before you today would simply codify language currently published by the Kansas Department of Revenue in their 2012 Personal Property Valuation Guide.

Opponents of this bill will claim it would cause a massive shift in property tax burden from commercial to residential taxpayers, but this information is wholly inaccurate and based on a bill last year that never moved forward. Again, there are only a few Kansas counties who have applied property classifications incorrectly, so this bill will simply prevent the spread of misclassification of business machinery and equipment as "real estate" by other counties throughout Kansas.

We urge the Committee to pass HB 2285.

The Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium and large employers all across Kansas.

