

STATE OF KANSAS  
HOUSE OF REPRESENTATIVES

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JOHN T. EDMONDS  
112TH DISTRICT

MEMORANDUM

TO: Rep. Richard Carlson, Chairman

FROM: Rep. John Edmonds

DATE: March 21, 2013

SUBJECT: Subcommittee report on taxation of boats

Please be advised that the subcommittee which you appointed has met twice and makes the following report:

After receiving input from PVD, the Kansas Association of Counties, Wildlife and Parks, and other interested parties, the subcommittee recommends that the Legislature avail itself of its new constitutional prerogative to adjust the property tax system for watercraft. Reducing taxes somewhat relative to current law will be expected to increase compliance relative to current situs and boat registration requirements. A total exemption as was proposed in HB 2244 as introduced is not believed to be warranted.

The subcommittee therefore recommends introduction of a substitute bill that would enact several policy changes:

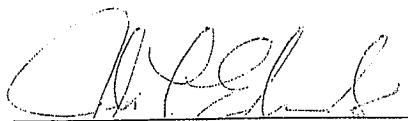
- All qualifying watercraft with a fair market value below \$1,000 would pay a floor tax of exactly \$12 per year beginning in tax year 2014. (This is identical to the minimum tax levied on motorcycles and half of the minimum tax levied on cars.)
- For all other watercraft, the assessment rate would be reduced from its current 30 percent to 20 percent in tax years 2014-2015; 15 percent in tax year 2016-2017; and 11.5 percent in tax year 2018 and thereafter.
- These new assessment levels also would apply to certain trailers associated with the watercraft, as well as certain non-electric motors.

The subcommittee chose to recommend that the provisions should be phased in over a period of years so as to more gradually phase in the tax shifts on to other classes of property and/or reduction of revenues associated with the valuation reduction. The subcommittee notes

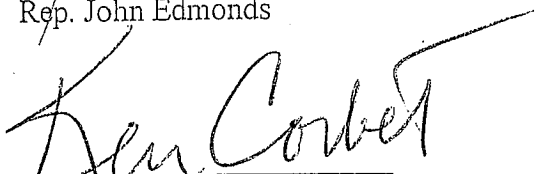
House Taxation  
Date: 3/21/13  
Attachment: 1

that watercraft represent a significant part of the tax base in several counties. The subcommittee also finds that the assessment level should never fall below the 11.5 percent assessment level provided for residential property, since homes are a necessity and boats are not.

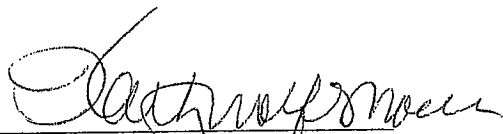
Respectfully submitted,



Rep. John Edmonds



Rep. Ken Corbet



Rep. Kathy Wolfe-Moore

## PROPOSED AMENDMENT

AN ACT concerning property taxation; relating to watercraft; amending K.S.A. 2012 Supp. 79-306e and repealing the existing section.

*Be it enacted by the Legislature of the State of Kansas:*

New Section 1. (a) Watercraft shall be appraised at fair market value determined therefor pursuant to K.S.A. 79-503a, and amendments thereto, and except as otherwise provided, shall be assessed at the percentage of value as follows: (1) 20% during tax years 2014 and 2015; (2) 15% during tax years 2016 and 2017; and (3) 11.5% in tax year 2018 and all tax years thereafter. Watercraft whose fair market value determined pursuant to K.S.A. 79-503a, and amendments thereto, is \$1,000 or less shall pay a tax of \$12.

(b) As used in this section, "watercraft" means any vessel requiring numbering pursuant to K.S.A. 32-1110, and amendments thereto. Each watercraft may include one trailer which is designed to launch, retrieve, transport and store such watercraft and any nonelectric motor or motors which are necessary to operate such watercraft on the water.

Sec. 2. K.S.A. 2012 Supp. 79-306e is hereby amended to read as follows: 79-306e. (a) The value for property tax purposes of any ~~vessel~~ watercraft, as defined by ~~K.S.A. 32-1102, section 1,~~ and amendments thereto, which is acquired or sold after January 1 and prior to September 1 of any taxable year shall be equal to the value determined therefor pursuant to ~~K.S.A. 79-503a, section 1,~~ and amendments thereto, multiplied by: (1) In the case of a sale, a fraction the numerator of which is the number of months, or major portion thereof, such ~~vessel~~ watercraft was owned by the record owner thereof during the taxable year in which such ~~vessel~~ watercraft was sold, and the denominator of which is 12; and (2) in the case of an acquisition, a fraction the numerator of which is the number of months, or major portion thereof, remaining in

the taxable year after the date of acquisition by the record owner thereof, and the denominator of which is 12.

(b) On or after July 1, 2007, notice of the acquisition or sale of any such ~~vessel~~ watercraft shall be provided by the record owner thereof to the appropriate county appraiser on or before December 20 of the year of such acquisition or sale. Upon receipt of such notice, and after computation of the value of any such ~~vessel~~ watercraft in accordance with the provision of subsection (a), a notification or revised notification of value shall be mailed to the taxpayer.

(c) ~~Vessels~~ Watercraft acquired after September 1 of a taxable year shall not be subject to assessment and taxation for such year, except as provided by paragraph (1) of subsection (a).

(d) The provisions of this section shall apply to all taxable years commencing after December 31, ~~2002~~ 2013.

Sec. 3. K.S.A. 2012 Supp. 79-306e is hereby repealed.

Sec. 4. This act shall take effect and be in force from and after its publication in the statute book.

AN ACT concerning property taxation; relating to watercraft; amending K.S.A. 2012 Supp. 79-306e and repealing the existing section.

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Proposed Balloon Amendment  
House Committee on Taxation  
by Scott Wells  
Office of Revisor of Statutes

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11.5% in tax year 2014; and (2) 5% in tax year 2015 and all tax years thereafter

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