

HOUSE BILL No. 2244

By Committee on Taxation

2-6

1 AN ACT concerning property taxation; relating to watercraft; amending
2 K.S.A. 2012 Supp. 79-213 and 79-306e and repealing the existing
3 sections.

4
5 *Be it enacted by the Legislature of the State of Kansas:*

6 New Section 1. (a) Watercraft shall be appraised at fair market value
7 determined therefor pursuant to K.S.A. 79-503a, and amendments thereto,
8 and assessed at the percentage of value as follows: (1) 20% during tax year
9 2014; and (2) 10% during tax year 2015. For tax year 2016 and all tax
10 years thereafter, watercraft shall be exempt from ad valorem taxation
11 under the laws of the state of Kansas.

12 (b) As used in this section, "watercraft" means any vessel designed to
13 be propelled by machinery, oars, paddles or wind action upon a sail for
14 navigation on the water. Watercraft shall also include trailers which are
15 designed to launch, retrieve, transport and store watercraft.

16 Sec. 2. K.S.A. 2012 Supp. 79-213 is hereby amended to read as
17 follows: 79-213. (a) Any property owner requesting an exemption from the
18 payment of ad valorem property taxes assessed, or to be assessed, against
19 their property shall be required to file an initial request for exemption, on
20 forms approved by the state court of tax appeals and provided by the
21 county appraiser.

22 (b) The initial exemption request shall identify the property for which
23 the exemption is requested and state, in detail, the legal and factual basis
24 for the exemption claimed.

25 (c) The request for exemption shall be filed with the county appraiser
26 of the county where such property is principally located.

27 (d) After a review of the exemption request, and after a preliminary
28 examination of the facts as alleged, the county appraiser shall recommend
29 that the exemption request either be granted or denied, and, if necessary,
30 that a hearing be held. If a denial is recommended, a statement of the
31 controlling facts and law relied upon shall be included on the form.

32 (e) The county appraiser, after making such written recommendation,
33 shall file the request for exemption and the recommendations of the county
34 appraiser with the state court of tax appeals.

35 (f) Upon receipt of the request for exemption, the court shall docket
36 the same and notify the applicant and the county appraiser of such fact.

1 (g) After examination of the request for exemption, and the county
2 appraiser's recommendation related thereto, the court may fix a time and
3 place for hearing, and shall notify the applicant and the county appraiser of
4 the time and place so fixed. A request for exemption pursuant to: (1)
5 Section 13 of article 11 of the Kansas constitution; or (2) K.S.A. 79-201a
6 *Second*, and amendments thereto, for property constructed or purchased, in
7 whole or in part, with the proceeds of revenue bonds under the authority of
8 K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, prepared
9 in accordance with instructions and assistance which shall be provided by
10 the department of commerce, shall be deemed approved unless scheduled
11 for hearing within 30 days after the date of receipt of all required
12 information and data relating to the request for exemption, and such
13 hearing shall be conducted within 90 days after such date. Such time
14 periods shall be determined without regard to any extension or
15 continuance allowed to either party to such request. In any case where a
16 party to such request for exemption requests a hearing thereon, the same
17 shall be granted. Hearings shall be conducted in accordance with the
18 provisions of the Kansas administrative procedure act. In all instances
19 where the court sets a request for exemption for hearing, the county shall
20 be represented by its county attorney or county counselor.

21 (h) Except as otherwise provided by subsection (g), in the event of a
22 hearing, the same shall be originally set not later than 90 days after the
23 filing of the request for exemption with the court.

24 (i) During the pendency of a request for exemption, no person, firm,
25 unincorporated association, company or corporation charged with real
26 estate or personal property taxes pursuant to K.S.A. 79-2004 and 79-
27 2004a, and amendments thereto, on the tax books in the hands of the
28 county treasurer shall be required to pay the tax from the date the request
29 is filed with the county appraiser until the expiration of 30 days after the
30 court issued its order thereon and the same becomes a final order. In the
31 event that taxes have been assessed against the subject property, no interest
32 shall accrue on any unpaid tax for the year or years in question nor shall
33 the unpaid tax be considered delinquent from the date the request is filed
34 with the county appraiser until the expiration of 30 days after the court
35 issued its order thereon. In the event the court determines an application
36 for exemption is without merit and filed in bad faith to delay the due date
37 of the tax, the tax shall be considered delinquent as of the date the tax
38 would have been due pursuant to K.S.A. 79-2004 and 79-2004a, and
39 amendments thereto, and interest shall accrue as prescribed therein.

40 (j) In the event the court grants the initial request for exemption, the
41 same shall be effective beginning with the date of first exempt use except
42 that, with respect to property the construction of which commenced not to
43 exceed 24 months prior to the date of first exempt use, the same shall be

1 effective beginning with the date of commencement of construction.

2 (k) In conjunction with its authority to grant exemptions, the court
3 shall have the authority to abate all unpaid taxes that have accrued from
4 and since the effective date of the exemption. In the event that taxes have
5 been paid during the period where the subject property has been
6 determined to be exempt, the court shall have the authority to order a
7 refund of taxes for the year immediately preceding the year in which the
8 exemption application is filed in accordance with subsection (a).

9 (l) The provisions of this section shall not apply to: (1) Farm
10 machinery and equipment exempted from ad valorem taxation by K.S.A.
11 79-201j, and amendments thereto; (2) personal property exempted from ad
12 valorem taxation by K.S.A. 79-215, and amendments thereto; (3) wearing
13 apparel, household goods and personal effects exempted from ad valorem
14 taxation by K.S.A. 79-201c, and amendments thereto; (4) livestock; (5) all
15 property exempted from ad valorem taxation by K.S.A. 79-201d, and
16 amendments thereto; (6) merchants' and manufacturers' inventories
17 exempted from ad valorem taxation by K.S.A. 79-201m, and amendments
18 thereto; (7) grain exempted from ad valorem taxation by K.S.A. 79-201n,
19 and amendments thereto; (8) property exempted from ad valorem taxation
20 by K.S.A. 79-201a *Seventeenth*, and amendments thereto, including all
21 property previously acquired by the secretary of transportation or a
22 predecessor in interest, which is used in the administration, construction,
23 maintenance or operation of the state system of highways. The secretary of
24 transportation shall at the time of acquisition of property notify the county
25 appraiser in the county in which the property is located that the acquisition
26 occurred and provide a legal description of the property acquired; (9)
27 property exempted from ad valorem taxation by K.S.A. 79-201a *Ninth*,
28 and amendments thereto, including all property previously acquired by the
29 Kansas turnpike authority which is used in the administration,
30 construction, maintenance or operation of the Kansas turnpike. The Kansas
31 turnpike authority shall at the time of acquisition of property notify the
32 county appraiser in the county in which the property is located that the
33 acquisition occurred and provide a legal description of the property
34 acquired; (10) aquaculture machinery and equipment exempted from ad
35 valorem taxation by K.S.A. 79-201j, and amendments thereto. As used in
36 this section, "aquaculture" has the same meaning ascribed thereto by
37 K.S.A. 47-1901, and amendments thereto; (11) Christmas tree machinery
38 and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and
39 amendments thereto; (12) property used exclusively by the state or any
40 municipality or political subdivision of the state for right-of-way purposes.
41 The state agency or the governing body of the municipality or political
42 subdivision shall at the time of acquisition of property for right-of-way
43 purposes notify the county appraiser in the county in which the property is

1 located that the acquisition occurred and provide a legal description of the
2 property acquired; (13) machinery, equipment, materials and supplies
3 exempted from ad valorem taxation by K.S.A. 79-201w, and amendments
4 thereto; (14) vehicles owned by the state or by any political or taxing
5 subdivision thereof and used exclusively for governmental purposes; (15)
6 property used for residential purposes which is exempted pursuant to
7 K.S.A. 79-201x from the property tax levied pursuant to K.S.A. 72-6431,
8 and amendments thereto; (16) from and after July 1, 1998, vehicles which
9 are owned by an organization having as one of its purposes the assistance
10 by the provision of transit services to the elderly and to disabled persons
11 and which are exempted pursuant to K.S.A. 79-201 *Ninth*; (17) from and
12 after July 1, 1998, motor vehicles exempted from taxation by subsection
13 (e) of K.S.A. 79-5107, and amendments thereto; (18) commercial and
14 industrial machinery and equipment exempted from property or ad
15 valorem taxation by K.S.A. 2012 Supp. 79-223, and amendments thereto;
16 (19) telecommunications machinery and equipment and railroad
17 machinery and equipment exempted from property or ad valorem taxation
18 by K.S.A. 2012 Supp. 79-224, and amendments thereto; ~~and~~ (20) property
19 exempted from property or ad valorem taxation by K.S.A. 2012 Supp. 79-
20 234, and amendments thereto; *and* (21) *on and after January 1, 2016,*
21 *watercraft exempted from property or ad valorem taxation by section 1,*
22 *and amendments thereto.*

23 (m) The provisions of this section shall apply to property exempt
24 pursuant to the provisions of section 13 of article 11 of the Kansas
25 constitution.

26 (n) The provisions of subsection (k) as amended by this act shall be
27 applicable to all exemption applications filed in accordance with
28 subsection (a) after December 31, 2001.

29 Sec. 3. K.S.A. 2012 Supp. 79-306e is hereby amended to read as
30 follows: 79-306e. (a) The value for property tax purposes of any ~~vessel~~
31 *watercraft*, as defined by ~~K.S.A. 32-1102~~ *section 1*, and amendments
32 thereto, which is acquired or sold after January 1 and prior to September 1
33 of any taxable year shall be equal to the value determined therefor
34 pursuant to ~~K.S.A. 79-503a~~ *section 1*, and amendments thereto, multiplied
35 by: (1) In the case of a sale, a fraction the numerator of which is the
36 number of months, or major portion thereof, such ~~vessel~~ *watercraft* was
37 owned by the record owner thereof during the taxable year in which such
38 ~~vessel~~ *watercraft* was sold, and the denominator of which is 12; and (2) in
39 the case of an acquisition, a fraction the numerator of which is the number
40 of months, or major portion thereof, remaining in the taxable year after the
41 date of acquisition by the record owner thereof, and the denominator of
42 which is 12.

43 (b) On or after July 1, 2007, notice of the acquisition or sale of any

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

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

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

12 Sec. 4. K.S.A. 2012 Supp. 79-213 and 79-306e are hereby repealed.

13 Sec. 5. This act shall take effect and be in force from and after its
14 publication in the statute book.