

As Amended by House Committee

Session of 2013

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~~section.  
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~~ **11.5%**  
9 **in tax year 2014; and (2) ~~10% during~~ 5% in tax year 2015 and all tax**  
10 **years thereafter. Watercraft whose fair market value determined**  
11 **pursuant to K.S.A. 79-503a, and amendments thereto, is \$1,000 or less**  
12 **shall pay a tax of \$12. For tax year 2016 and all tax years thereafter,**  
13 ~~watercraft shall be exempt from ad valorem taxation under the laws of the~~  
14 ~~state of Kansas.~~

15 (b) As used in this section, "watercraft" means any vessel ~~designed to~~  
16 ~~be propelled by machinery, oars, paddles or wind action upon a sail for~~  
17 ~~navigation on the water. Watercraft shall also include trailers which are~~  
18 ~~designed to launch, retrieve, transport and store watercraft requiring~~  
19 **numbering pursuant to K.S.A. 32-1110, and amendments thereto.**  
20 **Each watercraft may include one trailer which is designed to launch,**  
21 **retrieve, transport and store such watercraft and any nonelectric**  
22 **motor or motors which are necessary to operate such watercraft on**  
23 **the water.**

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

30 (b) ~~The initial exemption request shall identify the property for which~~  
31 ~~the exemption is requested and state, in detail, the legal and factual basis~~  
32 ~~for the exemption claimed.~~

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

35 (d) ~~After a review of the exemption request, and after a preliminary~~  
36 ~~examination of the facts as alleged, the county appraiser shall recommend~~

1 that the exemption request either be granted or denied, and, if necessary,  
2 that a hearing be held. If a denial is recommended, a statement of the  
3 controlling facts and law relied upon shall be included on the form.

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

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

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

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

32 (i) During the pendency of a request for exemption, no person, firm,  
33 unincorporated association, company or corporation charged with real  
34 estate or personal property taxes pursuant to K.S.A. 79-2004 and 79-  
35 2004a, and amendments thereto, on the tax books in the hands of the  
36 county treasurer shall be required to pay the tax from the date the request  
37 is filed with the county appraiser until the expiration of 30 days after the  
38 court issued its order thereon and the same becomes a final order. In the  
39 event that taxes have been assessed against the subject property, no interest  
40 shall accrue on any unpaid tax for the year or years in question nor shall  
41 the unpaid tax be considered delinquent from the date the request is filed  
42 with the county appraiser until the expiration of 30 days after the court  
43 issued its order thereon. In the event the court determines an application

1 for exemption is without merit and filed in bad faith to delay the due date  
2 of the tax, the tax shall be considered delinquent as of the date the tax  
3 would have been due pursuant to K.S.A. 79-2004 and 79-2004a, and  
4 amendments thereto, and interest shall accrue as prescribed therein.

5 (j)—In the event the court grants the initial request for exemption, the  
6 same shall be effective beginning with the date of first exempt use except  
7 that, with respect to property the construction of which commenced not to  
8 exceed 24 months prior to the date of first exempt use, the same shall be  
9 effective beginning with the date of commencement of construction.

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

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

1 this section, "aquaculture" has the same meaning ascribed thereto by  
2 K.S.A. 47-1901, and amendments thereto; (11) Christmas tree machinery  
3 and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and  
4 amendments thereto; (12) property used exclusively by the state or any  
5 municipality or political subdivision of the state for right-of-way purposes.  
6 The state agency or the governing body of the municipality or political  
7 subdivision shall at the time of acquisition of property for right-of-way  
8 purposes notify the county appraiser in the county in which the property is  
9 located that the acquisition occurred and provide a legal description of the  
10 property acquired; (13) machinery, equipment, materials and supplies  
11 exempted from ad valorem taxation by K.S.A. 79-201w, and amendments  
12 thereto; (14) vehicles owned by the state or by any political or taxing  
13 subdivision thereof and used exclusively for governmental purposes; (15)  
14 property used for residential purposes which is exempted pursuant to  
15 K.S.A. 79-201x from the property tax levied pursuant to K.S.A. 72-6431,  
16 and amendments thereto; (16) from and after July 1, 1998, vehicles which  
17 are owned by an organization having as one of its purposes the assistance  
18 by the provision of transit services to the elderly and to disabled persons  
19 and which are exempted pursuant to K.S.A. 79-201 *Ninth*; (17) from and  
20 after July 1, 1998, motor vehicles exempted from taxation by subsection  
21 (e) of K.S.A. 79-5107, and amendments thereto; (18) commercial and  
22 industrial machinery and equipment exempted from property or ad  
23 valorem taxation by K.S.A. 2012 Supp. 79-223, and amendments thereto;  
24 (19) telecommunications machinery and equipment and railroad  
25 machinery and equipment exempted from property or ad valorem taxation  
26 by K.S.A. 2012 Supp. 79-224, and amendments thereto; and (20) property  
27 exempted from property or ad valorem taxation by K.S.A. 2012 Supp. 79-  
28 234, and amendments thereto; *and (21) on and after January 1, 2016,*  
29 *watercraft exempted from property or ad valorem taxation by section 1,*  
30 *and amendments thereto.*

31 (m) The provisions of this section shall apply to property exempt  
32 pursuant to the provisions of section 13 of article 11 of the Kansas  
33 constitution.

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

37 Sec. 3. 2. K.S.A. 2012 Supp. 79-306e is hereby amended to read as  
38 follows: 79-306e. (a) The value for property tax purposes of any vessel  
39 *watercraft*, as defined by K.S.A. 32-1102 *section 1*, and amendments  
40 thereto, which is acquired or sold after January 1 and prior to September 1  
41 of any taxable year shall be equal to the value determined therefor  
42 pursuant to K.S.A. 79-503a *section 1*, and amendments thereto, multiplied  
43 by: (1) In the case of a sale, a fraction the numerator of which is the

1 number of months, or major portion thereof, such ~~vessel~~ *watercraft* was  
2 owned by the record owner thereof during the taxable year in which such  
3 ~~vessel~~ *watercraft* was sold, and the denominator of which is 12; and (2) in  
4 the case of an acquisition, a fraction the numerator of which is the number  
5 of months, or major portion thereof, remaining in the taxable year after the  
6 date of acquisition by the record owner thereof, and the denominator of  
7 which is 12.

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

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

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

20 Sec. ~~4~~. **3.** K.S.A. 2012 Supp. ~~79-213~~ and 79-306e ~~are~~ hereby  
21 repealed.

22 Sec. ~~5~~. **4.** This act shall take effect and be in force from and after its  
23 publication in the statute book.