

Tax Provisions—Interim County Appraisers; Expensing Deduction; Personal Property; Community Service Tax Credits; Property Tax Abatement; Motor Fuel Tax; HB 2057

HB 2057 authorizes the appointment of interim county appraisers; extends an expensing deduction to financial institutions; relieves certain personal property tax liability for owners or lessees of real property upon which personal property has been abandoned or repossessed; clarifies procedures for the collection of taxes on sold or transferred personal property; revises the definition of “community service” as the term is used in the Community Service Tax Credit Program; adds a subtraction modification to the income tax of retired employees of the City of Overland Park Police and Fire Departments; revives and expands a program authorizing counties to grant property tax abatements or credits to owners of homesteads destroyed or substantially damaged by certain disasters; and calculates the conversion of the compressed natural gas to gasoline gallon energy equivalent and the liquified natural gas to diesel gallon energy equivalent for the purpose of per-gallon taxation on natural gas motor fuel.

Interim County Appraisers

The bill authorizes boards of county commissioners or the governing body of any unified government to appoint interim county appraisers, subject to approval by the Director of Property Valuation, for up to six months in the event of vacancies. The bill also specifies an appraiser’s term expires on June 30 of the fourth year.

Expensing Deduction for Financial Institutions Privilege Tax

The bill extends to the financial institutions privilege tax, effective in tax year 2014, a special “expensing” deduction previously available only under the corporate income tax for certain qualifying investments.

Personal Property Tax Liability on Abandoned or Repossessed Personal Property

The bill relieves, under certain circumstances, personal property tax liability for owners or lessees of real property upon which personal property has been abandoned or repossessed. Such owners are no longer liable when the personal property has been abandoned or repossessed after having been assessed for property tax purposes but before the taxes have been paid, provided lawful title to the personalty has been acquired within 12 months of the abandonment or the commencement of legal proceedings designed to effect a repossession.

Procedures for Collection of Taxes on Sold or Transferred Personal Property

The bill clarifies procedures for the collection of taxes on sold or transferred personal property. The bill clarifies that the lien for unpaid taxes arising upon the sale or transfer of personal property only attaches to the property and is not a personal debt of the purchaser and that the lien is only for the amount equal to the tax assessment for the year in which the sale or transfer is made and for no previous years. The bill also clarifies that any unpaid taxes on the personal property for any years prior to the sale or transfer will remain as personal debts of the

seller and such taxes must be levied against the seller for the purposes of vehicle registration or through other existing statutory collection methods.

Community Service Tax Credit Program

The bill revises the substantive definition of “community service” as the term is used in the Community Service Tax Credit Program. The program will now include “youth apprenticeship and technical training,” which means activities designed to improve apprenticeship and technical training that support an emphasis on rural construction projects and any necessary equipment, facilities, and supportive mentorship.

City of Overland Park Income Tax Subtraction Modification

The bill adds a subtraction modification to the income tax of retired employees of the City of Overland Park Police Department and the City of Overland Park Fire Department.

Property Tax Abatements for Property Destroyed by Disaster

The bill revives a program that had sunset at the conclusion of tax year 2013 authorizing counties to grant property tax abatements or credits to owners of homesteads destroyed or substantially damaged by earthquakes, floods, tornadoes, fires, or storms. The bill also expands the program by removing a requirement that the Governor must have declared a disaster relative to the event or occurrence causing the damage or destruction. An additional requirement is eliminated that had prevented counties from granting relief to owners who were recipients of funds from either a public or private buyout or insurance proceeds when such funds were equal to 50 percent or more of the pre-disaster value of the homesteads.

Conversion Calculations for Motor Fuel Tax

Finally, the bill calculates the conversion of the compressed natural gas to gasoline gallon energy equivalent and the liquified natural gas to diesel gallon energy equivalent for the purpose of per-gallon taxation on natural gas motor fuel. The conversion formula computes 126.67 cubic feet or 5.66 pounds of compressed natural gas as the energy equivalent of one gallon of gasoline, and it is taxed at \$0.24 per gallon. The conversion formula computes 6.06 pounds of liquified natural gas as the energy equivalent of one gallon of diesel, and it is taxed at \$0.26 per gallon.

Fiscal Impact

(\$ in millions)

FY 2015	\$ (0.55)
FY 2016	(0.55)
FY 2017	(0.55)
FY 2018	(0.55)
FY 2019	(0.55)
5-yr total	\$ (2.75)

