

SESSION OF 2023

SUPPLEMENTAL NOTE ON SENATE BILL NO. 8

As Amended by Senate Committee on
Assessment and Taxation

Brief*

SB 8, as amended, would limit the instances in which a taxpayer must file statements regarding tangible personal property for tax purposes, reduce penalties for late filings, and specify circumstances in which extensions of time for filing such statements and abatements of penalties would be provided.

Single Initial Filing

The bill would provide, beginning in tax year 2024, that after an initial statement listing tangible personal property for taxation has been filed with a county appraiser, future annual filings would only be required when there has been a change to report related to the property previously listed or to the initial statement.

Reduced Penalties

The bill would reduce the penalty for late filing of oil and gas leases and tangible personal property from 5 percent to 2 percent per month with the maximum penalty for late filing being reduced from 25 percent to 10 percent. The penalty for a failure to file resulting in escaped taxation would be reduced from 50 percent to 12.5 percent.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Extensions of Time and Abated Penalties

The bill would require county appraisers, who currently have discretionary authority to do so, to grant an extension of a reasonable amount of time for taxpayers to file tangible personal property for taxation upon a showing of good cause.

County appraisers and the State Board of Tax Appeals would be required to abate late filing penalties under cases of excusable neglect or in the event the property had been repossessed by a creditor who paid the taxes on the property. [Note: Current law provides only the State Board of Tax Appeals with discretionary authority to abate such penalties.]

Beginning in tax year 2022, such good cause and excusable neglect would be specified to include instances in which tangible personal property had been previously classified as real property or a fixture to real property and was reclassified to be personal property. Such instances would be specified to include machinery and equipment used in industries of grain storage and processing and ethanol or other biofuels processing.

Background

The bill was prefiled for introduction by Senator Steffen on January 3, 2023.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by Senator Steffen; representatives of Kansas Grain and Feed Association, Kansas Manufactured Housing Association, and Renew Kansas Biofuels Association; and a private citizen. The proponents generally stated the bill would alleviate penalties that seem stronger than necessary and may penalize taxpayers for simply forgetting to annually re-notify county appraisers of property.

Written-only proponent testimony was provided by representatives of Kansas Cooperative Council, Kansas Livestock Association, and an attorney whose practice deals with property tax matters.

The Senate Committee amended the bill to insert the provisions to require only a single filing and specifying circumstances related to extensions of time and abatements of penalties.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue indicates enactment of the bill would reduce state building fund receipts by \$27,485 per year, state uniform school levy receipts by \$366,468 per year, and local property taxes by \$18.3 million per year.

A revised fiscal note on the bill, as amended, was not immediately available. Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2024 Governor's Budget Report*.

Taxation; property tax; personal property filing; penalties