

Kansas Legislative History of the Property Tax Exemption

L. 1876, ch. 34, § 1; March 11; R.S. 1923, 79-101

- Kansas law states that all real property and personal property in this state, not expressly exempt, is subject to taxation
- The statutory definition of personal property is "... every tangible thing which is the subject of ownership, not forming part or parcel of real property"
- Prior to 1991, property tax was required to be paid on motor vehicles owned by rental car companies

SB14 (1991)

- Exempted motor vehicles owned by rental car companies from property tax
- Applied a 3.5% gross receipts rental car excise tax in lieu of the property tax

Legislative Committees found that the rental car excise tax would offset the lost revenue from the property tax exemption

Current Tax Status in Kansas

- Kansas has an annual net revenue loss of approx. \$9.4M from the rental car property tax exemption
- Kansas Department of Revenue reports the property tax exemption on rental car vehicles is approximately \$15,000,000 annually
- Rental car customers, including residents, are charged a 3.5% rental car gross receipts excise tax on every rental transaction in Kansas

Kansas State Revenue (FY23)

Approx. Rental Car Property Tax Exemption	-\$15,000,000
Rental Excise Tax Revenue	+\$5,600,000
Annual Net Revenue to State	-\$9,400,000