

SESSION OF 2024

SUPPLEMENTAL NOTE ON SENATE BILL NO. 484

As Amended by Senate Committee on
Assessment and Taxation

Brief*

SB 484, as amended, would exempt, beginning in tax year 2025, certain personal property from all property or ad valorem taxes levied under Kansas law.

The bill would exempt the following personal property from all property or ad valorem taxes:

- Any snowmobile, all-terrain vehicle, recreational off-highway vehicle, golf cart, or motorcycle manufactured for off-road use only and is used exclusively off roads and highways, that is not operated upon any highway;
- Any motorized bicycle, electric-assisted bicycle, electric-assisted scooter, electric personal assistive mobility device, and motorized wheelchair as such terms are defined in law;
- Any trailer having a gross weight of 12,000 pounds or less that is used exclusively for personal use and not for the production of income;
- Any watercraft; and
- Any watercraft trailer designed to launch, retrieve, transport, and store watercraft, and any watercraft motor designed to operate watercraft on the water.

*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>

Background

The bill was introduced by the Senate Committee on Ways and Means at the request of Senator Tyson.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by a representative of the Kansas County Appraisers Association. The proponent generally stated the bill would tax the same type of property equally and provide clarity on taxation of other property, and provide savings greater than the revenue lost.

Neutral testimony was provided by a representative of the Division of Property Valuation, Department of Revenue. The testimony generally provided background information and fiscal estimates on the various property types in the bill.

No other testimony was provided.

The Senate Committee amended the bill to increase the trailer weight limit from 2,000 pounds to 12,000 pounds.

Fiscal Information

According to the fiscal note prepared by the Division of Budget on the bill, as introduced, the Department of Revenue estimates the bill would decrease revenues by \$186,702 in tax year 2025, with \$124,468 from the Educational Building Fund and \$62,234 from the State Institutions Building Fund.

Less property tax revenue would also affect state expenditures for aid to school districts. To the extent that less property tax revenue would be available from the State's uniform mill levy to fund expenditures for school districts, the State would be required to provide an additional \$2,489,352

in state aid from the State General Fund through the school finance formula.

Local governments that levy a property tax would also receive less revenue; however, the amount of reduced property tax revenues was not estimated. The bill would have similar results in future years. The Department of Revenue indicates the bill would have no fiscal effect on its operations.

The Kansas Association of Counties and the League of Kansas Municipalities indicate that the bill would reduce the amount of local property tax collections that are used in part to finance local governments. However, they do not have data to provide an accurate estimate of the amount of lower property tax collections to make a precise estimate of the fiscal effect on local governments. The fiscal effect would vary by location, though not necessarily proportionally.

Any fiscal effect associated with enactment of the bill is not reflected in *The FY 2025 Governor's Budget Report*.

Taxation; property tax; exemption