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March 15, 2023

To: House Committee on Taxation
From: Randy Stookey, Senior Vice President of Government Affairs, KGFA and RKBA
RE: **Joint Proponent Testimony on SB 8, reducing penalties for the late filing of and the failure to file personal property renditions and the discovery of escaped personal property.**

Chairman Smith and members of the committee, thank you for the opportunity to provide testimony in support of Senate Bill 8. This testimony is submitted jointly on behalf of the Kansas Grain and Feed Association (KGFA) and Renew Kansas Biofuels Association.

KGFA is the state association of the grain receiving, storage, processing, and shipping industry in Kansas. Renew Kansas is the trade association of the biofuels industry in Kansas. These industries benefit the Kansas economy and pay millions of dollars annually in property taxes that help fund schools and provide local government services.

Our members generally operate on tight margins, and the ability to operate a competitive business is often determined by the amount of overhead costs, such as taxes. The issue of proper classification of our industry machinery and equipment – as personal property, rather than as fixtures to the realty – has been an expensive legal battle for many years.

We appreciate Senate Bill 8, as it is especially relevant right now. Just last June, our industry received a [decision from the Kansas Court of Appeals](#)¹ where the court clarified that grain elevator machinery and equipment should be appropriately classified as personal property for ad valorem property tax purposes, rather than as fixtures to the realty. This was a major shift in how grain industry machinery and equipment had been previously classified.

However, if grain elevators attempt to appeal their previously misclassified property, current Kansas law would require the assessment of a 50 percent penalty for failing to file a complete list of their personal property with the county appraiser. This is true even though county appraisers and the Kansas Dept. of Revenue had previously determined the assets to be real property. This is flawed tax policy and creates an absurd result. To waive the penalty, each grain elevator taxpayer will be required to file a notice of appeal with the state board of tax appeals (BOTA).

To remedy this situation, the Senate amended SB 8 to grant county appraisers authority to (1) extend the filing deadline, and (2) waive the penalty for good cause rather than require taxpayers to appeal to BOTA. Good cause clearly exists for why they elevators would not have previously filed complete personal property statements as their assets were previously misclassified as real property. Granting this authority to county appraisers will alleviate a great deal of work for BOTA as grain elevators across the state are currently appealing their property taxes in light of the 2022 *Dodge City Coop* decision.

For the reasons stated, we stand in strong support of Senate Bill 8 which the Senate passed with a unanimous bipartisan vote. Thank you for allowing us the opportunity to testify. We would ask that the committee pass the bill out favorably without further amendment.

¹*Dodge City Coop. Exch. v. Bd. of Cnty. Commissioners of Gray Cnty.*, 62 Kan.App.2d 391, 516 P.3d 615 (Kan. App. 2022)