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Date: January 26, 2023

Re: **SB 8 AN ACT concerning property taxation; relating to personal property; reducing penalties for the late filing of or the failure to file statements listing property for assessment and the discovery of escaped property.**

Position: Proponent, Written-Only

From: Aaron M. Popelka, V.P. of Legal and Governmental Affairs, Kansas Livestock Association

To: Senate Committee on Assessment and Taxation
Sen. Caryn Tyson, Chair

The Kansas Livestock Association (KLA), formed in 1894, is a trade association representing more than 5,700 members on legislative and regulatory issues. KLA members are involved in many aspects of the livestock industry, including seed stock, cow-calf, and stocker cattle production; cattle feeding; dairy production; swine production; grazing land management; and diversified farming operations.

Thank you, Chairwoman Tyson, and members of the Committee, for giving the Kansas Livestock Association (KLA) the opportunity to share our views on SB 8. KLA supports SB 8 as a means to allow taxpayers to file amended personal property tax renditions with a reduced penalty.

Last week, KLA members began receiving letters from county appraisers informing them of the outcome of a recent Kansas Court of Appeals case, *Dodge City Cooperative Exchange v. Board of County Commissioners of Gray County*, 62 Kan. App.2d 391 (2022). This case pertained to what type of property should be classified as personal property compared to real property at a grain elevator. The court found for the taxpayer and against the county that certain items should be classified as personal property and exempt as machinery and equipment.

Cattle feedlots contain equipment akin to that found at grain elevators for grain and feed handling and storage. For decades cattle feedlots have been appraised using a Feedlot Appraisal Guide published by the Kansas Department of Revenue, Property Valuation Division. This guide, last updated in 2021, instructs county appraisers to subtract out certain personal property from an initial estimate of value to reach a final appraisal. This process has been done for decades without feedlot owners filing a personal property rendition form.

As a result of the *Dodge City Cooperative Exchange* case, cattle feedlot owners are now being notified that they have until March 15, 2023, to list all machinery and equipment on a personal property tax rendition form. This presents two issues. First, cattle feedlots were not previously

asked to submit rendition forms and it appears that some personal property, previously deemed by appraisers to be not exempt, are in fact exempt. As a result, it may take some time to analyze the *Dodge City Cooperative Exchange* case and properly fill out the rendition form. Penalties for late filing can be severe and March 15, 2023, is approaching fast with little time for cattle feedlots to adjust.

Second, given the previous opposition of county appraisers to taxpayers claiming certain personal property tax items as personal property, most taxpayers did not fill out a personal property rendition form in previous tax years. Many property owners would like to file amended returns, but the 50 percent penalty is severe. KLA supports the penalty reduction in SB 8 as a means to remedy this situation.

KLA also supports the amendment contained in the Kansas Grain and Feed Association (KGFA) testimony submitted by Randy Stookey. This amendment would direct a county appraiser to waive any late penalty for filing a personal property rendition form for good cause shown, which should include the Kansas Court of Appeals case that corrected an errant interpretation of the law previously maintained by county appraisers across the state.

KLA appreciates the opportunity to submit testimony as a proponent of SB 8. We ask that the Committee recommend the bill favorable for passage with the recommended amendment from KGFA when it works the bill.