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To: Senate Assessment and Taxation Committee
From: Roger Hamm, Kansas Division of Property Valuation
Date: February 15, 2024
RE: Senate Bill 484

Chairwoman Tyson and committee members, I appreciate the opportunity to explain how the personal property items being considered for a property tax exemption as listed in Senate Bill 484, are currently classified, and valued.

Most personal property is classified in one of the following constitutional subclasses: (1) Mobile homes used for residential purposes, (2) mineral leasehold, (3) public utility, (4) motor vehicles, or (5) commercial and industrial machinery and equipment. Personal property that cannot be classified in one of these 5 specific subclasses is classified as “all other tangible personal property not otherwise specifically classified.” This personal property subclass is commonly referred to as “Other.” All items exempted by Senate Bill 484, except watercraft, are in this “Other” subclass.

Items in the “Other” subclass:

- Are valued at market value and assessed at 30% (KS Const Art. 11, K.S.A. 79-1439).
- May be prorated on or off the tax roll (K.S.A. 79-345 implemented January 1, 2023).
- Are exempt with a purchase price of \$750 or less (K.S.A. 79-234).
- Are owned and used primarily by the residential population.

Typical items identified in the “Other” subclass are: (Highlighted items are included in SB 484)

- Aircraft: airplanes, helicopters, hot air balloons, ultra-lights, drones, etc.
- Off Road Vehicles: golf carts, snowmobiles, off-road motorcycles, mopeds, ATVs, ROVs, etc.
- Truck Campers and Travel Trailers: those that do not meet the statutory definition of a “recreational vehicle” and are not “RV” titled.
- Tiny Homes – when determined to be personal property.
- Shipping Containers (non-commercial).
- Trailers (non-commercial): motorcycle and snowmobile trailers, utility trailers, horse trailers, and any other trailer that is not used for any commercial purpose.
- Truck Beds (non-commercial): beds on “chassis cab” motor vehicles that are not used for any commercial purpose, *regardless* of how the vehicle is registered.
- Machinery & Equipment which is no longer being “used” for the production of income.
- Marine Equipment: boat trailers and boat motors that do not qualify as watercraft.

Prescribed guides and/or optional valuation method(s) for the “Other” subclass:

- Airplanes and helicopters - Aircraft Blue Book.
- Drones and ultra-lights - Appraiser develops local market study.
- Hot air balloons, golf carts - Regional cost study-Replacement Cost New (RCN) less depreciation tables in PVD personal property guide.
- Off road vehicles: ATVs, ROVs, snowmobiles, motorcycles, mopeds - Price Digest Powersport Blue Book, JD Power Motorcycle/Snowmobile/ATV/Personal Watercraft Appraisal Guide
- Truck campers and travel trailers (non-RV titled) - JD Power RV Guide, Price Digest RV Blue Book.
- Tiny homes, trailers, truck beds - Appraiser local market study, Price Digest Powersport-trailers, Price Digest Truck - truck beds.
- Shipping containers - Regional market study table in PVD personal property guide.
- Machinery & equipment (non-income producing) - Appraiser local market study.
- Marine equipment (separates, non-watercraft) - Price Digest ABOS Marine Blue Book.

The county appraiser may deviate from the prescribed valuation method on an individual piece of property to achieve market value. Any deviation must be documented (K.S.A. 79-1412a & 79-1456).

Existing exemptions for the “Other” subclass if it qualifies:

- Aircraft exemption for business, antique, & amateur-built (K.S.A. 79-201k & 79-220).
- ATVs, ROVs exemption as farm machinery & equipment (K.S.A. 79-201j) or as commercial and industrial machinery and equipment (K.S.A. 79-223).
- Pickup shells and toppers exemption (K.S.A. 79-201c).
- Antique trailer exemption (K.S.A. 79-265 & 8-1,119).
- Machinery & equipment exemption when retail cost when new per item of \$1,500 or less (K.S.A. 79-201w).
- Sailboard exemption (K.S.A. 79-201c).

Watercraft would also be exempt in Senate Bill 484. Watercraft is valued outside the constitutional subclass structure. Currently watercraft is valued at market value and assessed at 5% (K.S.A. 79-5501).

The exempt taxable value for watercraft would equal about 31.95 million and it is estimated that the exempt taxable value for items in the “Other” subclass would be 92.5 million. The total estimate of exempt taxable value provided in Senate Bill 484 would be 124.45 million based on the 2023 tax year.