

Nick Jordan, Secretary  
David N. Harper, Director

Sam Brownback, Governor

## MEMORANDUM

**TO:** All County Appraisers, County Clerks, Vendors and In-house Programmers  
**FROM:** Roger Hamm, Deputy Director  
**SUBJECT:** 2014 Legislative Changes in Valuing and Taxing Watercraft  
**DATE:** April 10, 2014

The 2014 legislature made several changes to the watercraft law that went into effect for the 2014 tax year. House Bill 2422 has passed, and has been signed into law by the governor. The new law for valuing watercraft in Kansas will take effect after its publication in the Kansas register. However, the implementation date for this new law will be the tax year which begins January 1, 2014. With the deadline for sending personal property valuation notices coming up very quickly (May 1<sup>st</sup>), counties should now make the appropriate adjustments.

The following is a summary of HB 2422 with changes to the previous law in **bold**:

- (a) The assessment rates applied to the appraised value are: 11.5% in tax year 2014; and 5% in tax year 2015 and all tax years thereafter. In no case shall the assessed value of any watercraft cause the tax upon such watercraft to be less than \$12.
- (b) **The levy used to calculate the tax on watercraft shall be the county average tax rate from the prior tax year. PVD will provide this levy for each county sometime in February. Since the levy is known, PVD will also provide a minimum value that will generate the \$12 tax bill for a watercraft unit (see watercraft definition in (c)). That tax rate and minimum value sheet accompanies this memo.**
- (c) **“Watercraft” is defined as any boat or vessel designed to be propelled by machinery, oars, paddles or wind action upon a sail for navigation on the water that cannot be exempt by other provisions of law. Documented vessels are now included in this watercraft definition. Simplified, a boat or vessel is either a watercraft or exempt.** Each watercraft may include one trailer which is designed to launch, retrieve, transport and store this boat or vessel and any non-electric motor or motors which are necessary to operate this boat or vessel on the water.

- (d) Any of these boats would be exempt:
- a. **If it wasn't for the provisions of the new watercraft law and a boat was exempt or could be exempt as commercial and industrial machinery and equipment (subclass 5) acquired after June 30, 2006, it would continue to be exempt.**
  - b. **If it wasn't for the provisions of the new watercraft law and a boat and/or a motor and/or a boat trailer was exempt because the purchase price was \$750 or less, it would continue to be exempt.**
  - c. **Any boat that is designed to be propelled through the water through human power alone shall be exempt. Examples would be canoes, kayaks, paddle boards, John boats and pedal-power paddle boats.**

Prorating the value of a watercraft: K.S.A. 2013 Supp. 79-306e lays out how and when watercraft are to be prorated onto or off the tax roll. Based on the new definition of watercraft, it is clear that the boat, motor(s) and trailer are eligible for prorating onto or off the tax roll.

The only items now included in the "Other" subclass would be "extra" boat trailers or motors not paired up with a watercraft boat or vessel. These "extra" items of marine equipment would be in the "Other" subclass (all other personal property not elsewhere classified) at market value and assessed at 30%.

Should you have any questions regarding the implementation of the new legislation, please contact the personal property section, Angelina Perez (785.296.0228) or Sarah Goeckler (785.296.1182) or Roger Hamm (785.296.4245).