

Appraisal of Commercial and Individual Personal Property

What is Personal Property?

A key characteristic of personal property is the ability to move it without damage to either the property or the real estate to which it is attached. Personal Property becomes real property only if it is affixed in such a way that it loses its original condition. Personal property may be leased, loaned, rented, cosigned, or owned.

Types of Personal Property:

Non-highway vehicles, trucks with a 16M or heavier tag weight, mopeds, and motorcycles that are not currently tagged. Boats, boat motors, boat trailers, jet skis, jet ski trailers, sailboats, horse trailers, all other trailers whether tagged or not, snowmobiles, golf carts, camping trailers that are not RV titled, slide-in campers, ATV/UTV (including 4 wheelers & 3 wheelers), airplanes, helicopters, hot air balloons, manufactured homes that are not on permanent foundation, producing oil and gas wells and equipment used in the operation of an oil or gas well.

Examples of Business Personal Property:

Telephone systems, security systems, signs, desks and chairs, shelving and racks, refrigeration units, industrial equipment, satellite equipment, fax machines, computers, plant machinery, high loaders, manufacturing equipment, copy machines, postage machines, storage tanks, tool/dies/molds, sewing machine, salon equipment, tanning beds, show cases, truck beds, lawn mowers and car wash equipment.

Who must list Property?

According to Kansas Statute:

K.S.A. 79-303: Every person, association, company or corporation who shall own or hold, subject to his or her control, any tangible personal property shall list said property for assessment.

K.S.A. 79-304: In addition, if the owner has someone else prepare the tax statement form (rendition) the owner **must** also sign and certify that the information presented therein is true and correct.

K.S.A. 79-306: All tangible personal property subject to taxation shall be listed and assessed as of the first day of January of each year.

K.S.A. 79-301: A request for an extension of the filing time must be in writing and must be filed prior to the March 15th deadline for personal property and April 1st deadline for oil and gas.

K.S.A. 79-1411(b) & K.S.A. 79-1461: If a taxpayer fails or refuses to file a rendition or, if the rendition filed does not truly represent all the property, the County Appraiser has the duty to investigate, identify, list, and value such property in an effort to achieve uniformity and equality.

K.S.A. 79-336: Owner, lessee or operator of any mobile home park, and owner of any land which is not used as a mobile home park but where any one or more mobile/manufactured homes are located, shall furnish the county assessor of the county wherein said mobile home park or land is located as of January 1st of each year. To acquire the reporting form you can go online at <http://www.ksrevenue.org/forms-pvd.html> or they are available in the Appraiser's office.

Remember: It is your responsibility to file this information with the County Appraiser's office by March 15th of each year to avoid a penalty. Oil and gas renditions are to be filed on or before April 1st. Property subject to taxation can be assessed for the year it was discovered and the prior two years.

Situs Rules:

Personal property items will be assessed for the full year in Reno County if they were located in Reno County on January 1st. The only exceptions are motor vehicles and watercraft, which may be prorated from date of purchase or date of sale. Owners of watercraft must submit a bill-of-sale on or before December 20th in the year of the acquisition or sale to receive the pro-ration.

Property is listed where it is located on January 1st except aircraft, which is located at a municipal airport or airfield. If the municipal airport where the aircraft is located is in the same County as where the owner resides, the aircraft is listed in the taxing jurisdiction where the owner lives.

Special rules apply when personal property is removed/added from Kansas between September 1st and December 31st.

How is Personal Property Valued and Assessed?

Commercial Businesses: The Kansas Constitution provided that commercial and industrial personal property will be appraised at its "retail cost when new" and straight line depreciated over a maximum of seven years. If the economic life of the property is less than seven years old, it will be depreciated straight line over the shorter life. The economic life that is assigned to commercial assets comes from guidelines issued by the *State of Kansas, Internal Revenue Service (IRS) publications and the Marshall & Swift Valuation Services*. However, so long as the property is "being used" the appraised value shall not be less than 20% of the retail cost when new of such property. "Retail cost when new," means the dollar amount an item would cost when new to a purchaser at the time of retail level of trade. It *does not* include sales tax or freight and installation charges that are separate and readily discernible from the set retail price. The classification of this property is 2.05 and assessed at 25%.

A business personal property item with a retail cost when new of \$1,500.00 or less and is not used in conjunction with other goods in order to serve a purpose are exempt from taxation.

Effective January 1st, 2007, machinery and equipment acquired by a qualified purchase or lease made or entered into after June 30th, 2006 as a result of a bona-fide transaction, which was not consummated for the purpose of avoiding taxation, is exempt from property tax in Kansas. Machinery and equipment transported into the state after June 30, 2006 for the expansion of an existing business or creation of a new business is also exempt from property taxation in Kansas.

[K.S.A. 79-223]

Individual Personal Property: Many personal property assets belonging to individuals are valued from market data, using appraisal guides and state and regional market sources. This market data is then used to establish the current value of a particular asset. Typically, this value will be based on the age of the asset and market condition. The classification of this property is 2.06 and assessed at 30%.

Manufactured Homes: Residential manufactured homes are valued at market value, which is determined by calculating the replacement cost new less depreciation (RCLD) for the home. A manufactured home will be valued the same whether it is determined to be personal property or real property, including all improvements such as: decks, porches, sheds, etc. The classification of this property is 2.01 and assessed at 11.5%.

Mineral Leasehold Interest (Oil and Gas): All oil and gas leases and oil and gas wells, producing or capable of producing oil or gas in paying quantities, together with all casing, tubing and other equipment and materials used in operating oil and gas wells are considered personal property. (K.S.A. 79-329) A list of the current royalty owners, their decimal interest, and their addresses, is to be provided by the operator and is a requirement for filing the tax rendition per the oil and gas guide provided by the State. Oil and gas interests are valued at market value. The classification of this property is 2.02 and assessed at 30%, *except* leasehold interest with an average daily production of five barrels or less and a natural gas lease hold interests with an average daily production of 100 mcf or less, shall be assessed at 25%. [K.S.A. 79-1439]

Motor Vehicles: Motorcycles, automobiles and trucks that are tagged to operate at 12,000 pounds or less on public roads are appraised for tax purposes using a formula set forth in laws. The motor vehicles approximate base wholesale price (dealer cost) when first sold to the public is used to “classify” the vehicle within a price range. The mid-point of this price range is then reduced 15% yearly (K.S.A. 79-5103). The property taxes are paid at the time of registration.

Motor vehicles operating over 12,001 pounds or non-highway vehicles are appraised at market value. The market value is generally obtained using valuation publications prescribed by the State. These vehicles are placed on the tax roll and paid in receipt of a tax bill at the end of the year. The classification of this property is 2.04.

Automobiles owned and leased for a period of time not exceeding 28 days by a rental car company have an excise rental tax imposed in lieu of a property tax (K.S.A. 79-5117)

Motor vehicles used by for hire motor carriers over the road to transport persons or properties are state-assessed. Contact the Motor Carrier Section of the Kansas Division of Property Valuation for more information regarding property taxes on state-assessed motor vehicles (913) 296-2365.

Public Utilities: Property owned by public utilities and railroads is appraised by the Kansas Department of Revenue, Division of Property Valuation. Public utility property is valued based upon the fair market value of ‘unit’. The classification of this property is 2.03 and assessed at 33%.

How are Taxes figured on Personal Property?

The *appraised value* of the property is multiplied by the *assessment rate* (determined by the personal property subclass) for the *assessed value*. The *assessed value* is then multiplied by the mill levy (tax rate) for the tax unit where the property was located as of the assessment date (where the property was located on January 1). This is the full year *property tax*.

If the appraised value (fair market value) of an individual piece of personal property is \$5,000, and the fixed percentage of the assessment is 30%, this would mean the assessed value would be \$1,500: (\$5,000 x .30 = \$1,500).

Once taxing groups (school districts, cities, county, etc.) set their *mill levy*, this amount is used to calculate your taxes. Let’s say the combined mill levy (tax rate) has been set at 120 mills. Multiply the assessed value of your property (\$1,500) by the mill levy (120 mills or .120). The tax amount is \$180.

For example:	\$5,000	Appraised Value
	X .30	Assessment Ratio
	\$1,500	Assessed Value
	X .120	Mill Levy (120 mills per \$1,000 assessed value)
	\$ 180	Full year tax amount

What can a property owner do if they believe their tax bill was calculated incorrectly or the property value used by the Appraiser is not correct?

Tax Exemption Application:

The property owner may appeal to the county’s determination of placing a value on property they feel should be exempt from taxation by filing an application for exemption with the State Board of Tax Appeals (BOTA).

Non-profit organizations need to file with the Board of Tax Appeals to receive exemption on personal property.

Tax Grievance Application:

The property owner may file a grievance application with State Board of Tax Appeals (BOTA) in order to request that a property tax penalty be relieved, or to claim that a clerical error was made.

Appealing your Personal Property Appraisal:

The property owner may appeal the classification or appraised value of the personal property listed on the "Notice of Value" if they feel it is inaccurate. Contact the County Appraiser's Office by May 15th to schedule an informal hearing with an appraiser. If you do not agree with the results from this meeting, you may appeal to the Small Claims Division of BOTA.

[K.S.A. 79-1448]

Paying Taxes Under Protest:

The property owner may wish to pay their tax bill under protest, if they believe their taxes were calculated incorrectly or the property values used by the Appraiser are not correct. Contact the County Treasurer for the appropriate form. The form must be completed and submitted to the County Treasurer's Office *when a payment is made*. You will then be contacted by the Appraiser's Office to set a date and time for your hearing to discuss the valuation of your property. If you do not agree with the results from this meeting, you may appeal to BOTA.

[K.S.A. 79-2005]

NOTE: Property owners may appeal the value on their property only *once* during any tax year.

[K.S.A. 79-2005b]

What Penalties Apply to Personal Property?

If the personal property is not listed or if a rendition is untimely filed, the County Appraiser is required by law to apply an applicable penalty. These penalties are set forth in K.S.A. 79-1422 and K.S.A. 79-1427(a) as followed:

PENALTY SCHEDULE

Filed March 16 through April 15	05%
Filed April 16 th through May 15 th	10%
Filed May 16 th through June 15 th	15%
Filed June 16 th through July 15 th	20%
Filed July 16 th through March 15 th of the following year	25%
Failure to file	50%

Penalty Appeal Rights:

The State Board of Tax Appeals (BOTA) has the authority to abate any penalty imposed and order a refund of the abated penalty. In order to appeal a penalty the taxpayer should obtain the proper form from the County Appraiser's Office, complete the form, and submit it to the County Appraiser. The county would then submit the form to the State Board of Tax Appeals for consideration. Either party may request BOTA to reconsider a decision if a request is made within 15 days from the date of BOTA's decision.

[K.S.A. 79-1422]

TAX CALENDER FOR PERSONAL PROPERTY

Renditions are mailed to property owners who are already registered with the County Appraisers office	January 1st
Deadline for tax payers to report property to the County Appraiser	March 15th*
Oil & Gas renditions are due back to the County Appraiser	April 1st**
Deadline for the County Appraiser to notify taxpayers of the current years appraised value	May 1st
Deadline for taxpayer to appeal current year value or ownership of property	May 15th
Deadline for County Appraiser to certify assessment roll to the County Clerk	June 1st
Deadline for County Treasurers to mail tax statements	December 15th
Tax bills are due	December 20th
Second half of taxes due	May 10th of following year

*See penalty schedule for late filings

**Oil and gas penalty schedule is moved forward 15 days for each component of the schedule