

**Testimony on HB 2244 relating to Watercraft Taxation
To
The House Committee on Taxation**

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Secretary
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HB 2244 seeks to change the tax valuation of watercraft in Kansas. **The Department supports the provisions contained in the bill and requested introduction of the bill.** The provisions of the bill would be effective upon publication in the statute book.

HB 2244 as introduced would reduce the percentage of valuation on watercraft from the current level of thirty percent to twenty percent in 2014, ten percent in 2015, and beginning in 2016, all watercraft would be exempt. Watercraft in the bill is defined as any vessel designed to be propelled by machinery, oars, paddles, or wind action upon a sail for navigation on the water. It also includes trailers designed to launch, retrieve, transport, and store watercraft.

By way of history for the Committee, this is a longstanding concern of many Kansans that has finally come to fruition. Over the last 14 years, several proposals have come before the Legislature to amend the Constitution of Kansas to allow some sort of different methodology of taxation for vessels. At long last, in 2012, both houses of the Legislature passed concurrent resolution placing the issue before the voters of the state. The voters responded by passing the amendment and here we are today to discuss the issue.

High taxation has driven Kansas boaters to register their boats in neighboring states where levels of taxation are much lower. That is undisputed. Kansas loses registration dollars, as well as matching federal funds, which are used to create additional recreational opportunities on Kansas reservoirs. Those boaters who register in Kansas and pay higher taxes keep vessels longer. By lowering taxation levels, boaters may be more apt to purchase their vessels in Kansas, to upgrade their vessels already here and help stimulate the economy of the state.

The Department appreciates the support of the Committee in recommending favorably the bill for passage.