

SESSION OF 2014

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2422**

As Amended by House Committee on Taxation

**Brief\***

HB 2422, as amended, would make a number of changes to the new boat tax system being implemented in tax year 2014.

One provision would expand the definition of “watercraft” subject to the new law to include all watercraft designed to be propelled by machinery, oars, paddles, or wind action upon a sail for navigation.

Additional language would clarify that watercraft previously exempt under Kansas law would not become taxable pursuant to the new system.

A new exemption would be provided for vessels designed to be propelled through the water by human power alone.

Finally, counties would use the county average property tax rate when implementing the new system.

The bill would be in effect upon publication in the *Kansas Register*.

**Background**

Following a 2012 constitutional amendment adopted by voters authorizing a new tax system for boats, legislation adopted in 2013 sought to reduce the property tax

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

assessment level on such property from 30 percent of fair market value to 11.5 percent in tax year 2014 and to 5 percent in tax year 2015 and thereafter.

The bill was requested for introduction after the Department of Wildlife, Parks and Tourism expressed concern that the definition of watercraft affected by the new system would not include certain documented vessels and other vessels not required to be numbered under Kansas law (generally watercraft registered with the U.S. Coast Guard).

After extensive committee discussion, the original bill was amended to further adjust the definition to assure that the assessment reduction would be more broadly applied to other watercraft that had been subject to taxation; to clarify that all previously exempt watercraft would not become subject to the new tax; to add the new exemption for human-powered watercraft; and to authorize the counties to use the average property tax rate.

A fiscal note on the original bill indicated it would be expected to have a small but indeterminate impact on state building funds due to the extent to which some of the Coast Guard-registered vessels would be eligible for lower taxation if the bill is enacted. A revised fiscal note on the House Committee version that includes the new exemption for human-powered vessels was not immediately available.