Redefining Machinery and Equipment
HB 2285
Delivered February 21, 2013
House Tax Committee

The Unified Government of Wyandotte County/Kansas City opposes HB 2285 because it changes longstanding principles of appraisal law and will create huge uncertainty in the way property is appraised for tax purposes. This one piece of legislation is likely to generate hundreds of tax appeals, clogging the Court of Tax Appeals and costing taxpayers untold expense. It is also expected the changes called for in this bill will cost local governments across Kansas hundreds of millions of dollars in lost revenue.

Proponents argue the language of HB 2285 is some kind of technical correction to simply clarify what is already law. The Unified Government disagrees. This legislation will broaden the machinery and equipment property tax exemption approved in 2006, taking even more property off the tax rolls. That will shift a heavy burden on homeowners, retail businesses and agriculture. This is a tax shift where large industrial and manufacturing taxpayers win a major tax break at the expense of everyone else. All because two companies don’t like the way their properties were appraised.

I’ve also heard this measure described as a compromise. After a year of meetings and negotiations between County officials and the industries seeking this change, none of the language suggested by County officials was accepted or written into the bill. That’s hardly compromise.

In 2006, the Kansas Legislature repealed the property tax on commercial and industrial machinery and equipment. That decision, while positive for business, has taken a devastating toll on Unified Government revenues. Since 2006, Wyandotte County has lost more than $106-million in assessed value from machinery and equipment, reducing Unified Government property taxes by more than $23.4-million. Those dollars were once used to pay for police and fire protection, street repairs and general operations. Some estimates project the change proposed in HB 2285 could cost the Unified Government an additional $29-million a year.

But the fact is, no one really knows how to estimate a certain fiscal note for this bill because even the experts can’t predict how the language in the bill will be interpreted and ultimately put into practice. That should be a red flag for lawmakers.