

STATE OF KANSAS

DIVISION OF PROPERTY VALUATION
300 SW 29th STREET
PO BOX 3506
TOPEKA KS 66601-3506



DEPARTMENT OF REVENUE
PHONE: 785-296-2365
FAX: 785-296-2320
www.ksrevenue.org

GOVERNOR JEFF COLYER, M.D.
SAMUEL M. WILLIAMS, SECRETARY

MEMORANDUM

TO: All County Appraisers, County Clerks, County Commissioners, County Treasurers and County Registers of Deeds

FROM: Roger Hamm, Deputy Director, Division of Property Valuation

DATE: July 11, 2018

SUBJECT: 2018 Legislative Summary

The 2018 Legislative Summary centers on several separate bills this year for both the Division of Vehicles and the Division of Property Valuation. All bills will go into effect July 1, 2018, unless otherwise noted. All will be impacting the 2019 calendar/tax year. Below is a brief overview of the pertinent 2018 legislative changes, followed by a more detailed discussion of each change.

Brief Summary

1. **Expanded KS Department of Wildlife, Parks & Tourism (KDWPT) Exemption** – railroad rights-of-way (rail trails) operated as a state park by KDWPT is exempt from property tax.
2. **Transfer Duty to Appoint an Appraiser to the Director of Property Valuation** – duty of Director of Property Valuation to appoint an appraiser for appraisals required prior to the state or a state agency to purchase or dispose of any real property. Law effective May 17, 2018.
3. **Exemption Cleanup** – updates statutory references: 1) for school general fund levy in the \$20K residential exemption and 2) property exempt when used for group housing of mentally ill persons or individuals with intellectual or other disabilities.
4. **Remove the Required Annual Re-testing of All State Vehicle Salespersons** – Director may require vehicle salespersons to be re-tested at his or her discretion.
5. **Vehicle Dealers and Manufacturers Licensing Act** – concerning improvements to facilities, performance and recall repairs, prevent coercion and vendor specifications, provides for sales and service criteria, and compensation.
6. **No Sales Tax on Certain Manufacturer's Cash Rebates**
7. **New Distinctive License Plates**

Analysis of Each Change

1. **Expanded KS Department of Wildlife, Parks & Tourism (KDWPT) Exemption** – *Senate Bill 331 § 3 amending K.S.A. 2017 Supp. 79-201a Tenth*

Section 3 expands the property tax exemption from all property acquired and used as state parks by KDWPT to now include rail trail state parks. The bill provides that property that is part of a state park listed in K.S.A. 32-837(a)(25) or (a)(26) and that is contained within or encumbered by any railroad rights-of-way that have been transferred or conveyed to the KDWPT for interim use as a rail trail under federal law shall be deemed to be acquired and used for state purposes and qualifies for exemption from property tax. KDWPT will need to apply to the Kansas Board of Tax Appeals for an order to exempt this property.

Section 2 of this bill also adds to the list of designated state parks the Flint Hills Trail State Park located in Miami, Franklin, Osage, Lyon, Morris and Dickinson counties (K.S.A. 32-837(a)(26)). This makes two rail trail state parks with the other being the Prairie Spirit Rail Trail State Park in Franklin, Anderson and Allen counties (K.S.A. 32-837(a)(25)).

2. **Exemption Procedure** – *Senate Bill 261 § 10 amending K.S.A. 2017 Supp. 75-3043a*

Except as otherwise provided, an appraisal to determine market value is required prior to the State or any state agency purchasing or disposing of any real property. This bill transfers the duty to appoint this disinterested appraiser from the Judicial Administrator to the Director of Property Valuation. Similarly, when the county appraised value of such property is greater than \$200,000, the bill provides for the Director of Property Valuation, rather than the Judicial Administrator, to appoint three disinterested appraisers. This law was effective May 17, 2018.

3. **Exemption Cleanup** – *Senate Bill 461 § 5 amending K.S.A. 2017 Supp. 79-213(l)(15) and Senate Bill 217 § 29 amending K.S.A. 2017 Supp. 79-201b Sixth*

These two bills update several statutory references with only two being mentioned in this summary that relate to property tax exemptions.

Senate Bill 461 section 5 corrects the reference to the 20 mills levied for schools to K.S.A. 2017 Supp. 72-5142. This reference is found in K.S.A. 2017 Supp. 79-213(l)(15) listing the \$20,000 residential exemption from the school levy as an exemption that does not need Kansas Board of Tax Appeals' approval.

The second is found in Senate Bill 217 section 29. This updates the reference found in K.S.A. 2017 Supp. 79-201b *Sixth* from K.S.A. 75-3307b to K.S.A. 2017 Supp. 39-2001 *et seq.* and updates the language of the statute to provide an exemption for all real and personal property actually and regularly used exclusively for the purposes of group housing of mentally ill persons or individuals with intellectual or other disabilities.

4. **Remove the Required Annual Re-testing of All State Vehicle Salespersons** – *Senate Bill 294 § 1 amending K.S.A. 2017 Supp. 8-2404(s)*

This bill removes the requirement for a vehicle salesperson to pass a written exam provided by the Division of Vehicles for a renewal of license. Exams continue to be required at the original licensure as a vehicle salesperson and the Director of Vehicles is given discretion to require re-test of any vehicle salesperson.

5. **Vehicle Dealers and Manufacturers Licensing Act** – *Senate Bill 324 § 1 amending K.S.A. 2017 Supp. 79-3602(II)(3)(E)*

This bill has the following components:

- Prohibits vehicle manufacturers from requiring a vehicle dealer to make improvements to their facility or install new signs if they have made improvements or new signs within the past 10 years that were approved by the manufacturer.
- Prohibits vehicle manufacturers from requiring dealers to purchase goods from or use designated vendors for facility improvements without allowing a dealer to choose a vendor for such goods and services in conjunction with approval by the manufacturer.
- Requires reasonable compensation to new vehicle dealers for performance of recall repairs on vehicles.
- Prohibits vehicle manufacturers from using unfair, unreasonable, arbitrary or inequitable criteria for the purpose of cancelling, terminating or non-renewal of a franchise agreement, and requires manufacturers consider the relevant and material regional data.

6. **No Sales Tax on Certain Manufacturer's Cash Rebates** – *House Bill 2111 § 1 amending K.S.A. 2017 Supp. 8-2404(s)*

Effective July 1, 2018 through June 30, 2021 certain manufacturer's cash rebates will not be taxed as part of the gross selling price of new motor vehicles. This is in effect for both sales and leases of vehicles.

7. **New Distinctive License Plates** – *House Bill 2599 amending K.S.A. 2017 Supp. 8-1,141 and 8-1,147*

This bill provides for seven new distinctive plates. New plates will include *Special Olympics* and *City of Wichita* for passenger vehicles and trucks, *Choose Life* for passenger vehicles, trucks, motorcycles and travel trailers, as well as plates for *Operation Iraqi Freedom*, *Operation Enduring Freedom*, *Operation Desert Storm* and the *Korean War Veteran* for passenger vehicles, trucks and motorcycles. This goes into effect January 1, 2019.