

# Property Tax Compliance for the Grain Storage Industry for 2022 and 2023



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# Recent Changes in the Law

- *Dodge City Coop. v. Gray County*
  - Kansas Court of Appeals held that equipment used to load, unload, handle, and process grain is now personal property. Supreme Court declined to review.
  - Decision is binding upon BOTA and County Appraisers.
  - Decision is retrospective – applies to current and prior years.
  - Equipment includes conveyors, spouts, transitions, connecting bridges, aeration components, gates, temperature monitoring equipment, and loadout system modules and components.



# Impacts on Grain Industry Taxpayers

- Additional Compliance Obligations
  - Taxpayers are required to render their personal property.
- Potential Tax Savings
  - Commercial personal property acquired or moved into the state after 6/30/2006 is exempt.
  - Commercial personal property that is not exempt is valued at 20% of original cost (retail cost when new).



# Compliance Obligations

- Create a list of Assets, and render to the county appraiser by March 15 each year.
  - List must include asset description, in-service date, and RCWN.
  - List should be as detailed as possible because, as you replace items, they will become exempt if listed in sufficient detail to identify and remove such items.

# Retail Cost When New

- Original retail cost when first purchased.
- Can be obtained from your own records or others' records, such as a price list from a retailer at that time or a prior rendered value.
  - If records not available, there is a used factor formula provided by PVD, which uses your acquisition cost (used) as the starting point.
- RCWN does NOT include freight, shipping, or installation costs if separately identifiable.



# Potential Tax Savings

- Can pay 2022 taxes under protest to reduce current tax bill.
  - Before Dec. 20, 2022 or when paid, whichever comes later.
  - County will likely request a delinquent rendition for 2022
  - Will pay personal property taxes with 25-50% penalty, which penalty may be abated by BOTA.
  - Depending on personal property rendition values, likely beneficial to appeal
  - Can file delinquent rendition until 3/15/2023.
- If 2023 Taxes do not reflect a credit for personal property, can appeal those within 30 days of receipt of valuation notice (due March 1, 2023).

# Recommendation

- For elevators that are newer than 6/30/2006 or have had a substantial portion of grain handling equipment replaced since 6/30/2006, file protest prior to December 20, 2022
- For elevators with good original cost record-keeping that reflects relatively low original costs, file protest before December 20, 2022.
- For older elevators without good cost records, complete renditions prior to March 15, 2023 and evaluate whether to file delinquent 2022 rendition and appeal based upon projected tax.

# How to File a Protest

- Find the protest form at  
<https://www.kansas.gov/bota/documents/PRApp.pdf>
- Or Google “Kansas Payment Under Protest Form”
- Fill out according to instructions.
- Submit to the county treasurer with your first half payment.

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