

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 BOTAs 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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