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**MEMORANDUM**

**TO: Kansas County Appraisers**

**FROM: Roger Hamm, Personal Property Supervisor**

**DATE: November 14, 2008**

**SUBJECT: \$750 exemption for “Other” personal property.**

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Effective January 1, 2009, a new law exempts any property with a purchase price of \$750 or less that is in sub-class (6), class 2 of Article 11, § 1 of the Kansas Constitution, which is more commonly referred to as “**other personal property**.” This new law was in Senate Substitute for House Bill 2434, New Section 6.

- The exemption applies to any purchase whether new or used and there are no limitations on when the purchase was made.
- It should also be noted that the purchase price does NOT include sales tax or any add-on costs that are charged separately and are readily discernible from the actual purchase price. These may include shipping, handling or set-up charges.
- Key point to remember – the purchase price to qualify for the exemption and how the county has or will value the property are two separate issues. The “other” class of property is to be valued at fair market value.

Most of the questions from the counties have hinged on proof of the purchase price. The best guidance is this; if the purchase price presented by the owner seems unreasonable based on experience and/or reputable sources, continue to list the property and assist the property owner with an application for exemption with COTA. Remember that the burden of proof is on the property owner and if the county appraiser is in doubt as to whether the property qualifies for the exemption, the appraiser must construe in favor of taxation. See Directive 92-025.

Documentation showing the buyer’s and seller’s names, addresses and signatures with purchase price(s) and date would certainly be acceptable. It seems unrealistic that this much information will be available for most of the property in question. Perhaps an affidavit can be signed when nothing else is available. Common sense and good judgment will need to be applied in appropriate measure for many of the cases the county encounters.

Watercraft may require some unique treatment. A boat and/or motor and/or trailer that have a purchase price of \$750 or less would qualify for the exemption. It is quite possible that any or all of the parts listed above may qualify for the exemption.

Winnings, gifts and inherited property will take some special treatment and should not automatically receive the exemption.

- a) Winnings may qualify for the exemption if a purchase price of \$750 or less can be determined by contacting the donating organization or from retail sources.
- b) Family gifts and inherited property are even trickier. Consider working with the property owner to determine a reasonable purchase price that would convey the property to the new owner. This is another case where good judgment will need to be applied.

If you have questions on this or other issues, please contact the personal property section at (785) 296-2365.