

STATE OF KANSAS



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Department of Revenue  
Division of Property Valuation

**DIRECTIVE #92-026**

TO: **County Appraisers**

SUBJECT: **"Rent to Own" Property**

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This directive is adopted pursuant to the provisions of L. 1992, ch. 249, § 1, and shall be in force and effect from and after the Director's approval date.

County appraisers shall verify that "rent to own" property such as furniture and television sets constitute inventory, as defined below, before exempting the same from taxation.

"Rent to own" property such as furniture and television sets, are inventory and are exempt from property taxation by the Kansas Constitution (art. 11, § 1) and by K.S.A. 79-1439, provided:

1. such taxpayer is a "merchant" as defined by K.S.A. 1991 Supp. 79-201m;
2. such inventory was purchased primarily for resale; and
3. such inventory is not depreciated on the merchant's federal income tax return.

Other rental items, such as video tapes, tools and equipment purchased for rental only and not purchased primarily for resale, are not inventory and are taxable.

Approved: \_\_\_\_\_  
(Date)

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David C. Cunningham  
Director of Property Valuation