

STATE OF KANSAS

HOUSE OF REPRESENTATIVES

MR. CHAIRMAN:

I move to amend **HB 2456**, as amended by House Committee, on page 1, in line 5, by striking all following "Section 1."; by striking all in lines 6 through 24, and inserting:

"As used in sections 1 through 7, and amendments thereto:

(a) "Complex industrial property" means tangible property used in a business of:

- (1) Petroleum refining;
- (2) paving and roofing materials manufacturing;
- (3) natural gas processing;
- (4) natural gas liquids processing;
- (5) helium gas processing;
- (6) fertilizer products manufacturing;
- (7) ethanol production; and
- (8) cement manufacturing; and

(b) "fair market value" means the amount in terms of money that a well-informed buyer is justified in paying and a well-informed seller is justified in accepting for property in an open and competitive market, assuming that the parties are acting without undue compulsion. For the purposes of this definition, it shall be assumed that consummation of a sale occurs as of January 1.

In order to determine the fair market value of the complex industrial property, where applicable, the director shall assess whether improvements constitute real or personal property for taxation purposes. In order to make such determination, the director shall consider the following factors:

- (1) Annexation to the realty;

(2) adaptation to the use or purpose of that part of the realty to which it is connected; and

(3) the intention of the party making the annexation to make the item a permanent annexation to the real property.

Sec. 2. Every taxpayer with complex industrial property which is located in this state, through such owner, officer or agent having control of its affairs, before March 15 each year, shall make a return in writing to the director of property valuation on forms prescribed by the director showing all the information that the director shall require and deem necessary for the valuation, classification and assessment of such property. If any taxpayer shall fail to provide the information as required, the director of property valuation shall advise the attorney general of such noncompliance and the attorney general shall proceed against such taxpayer to enforce compliance.

Sec. 3. The director of property valuation shall value, classify and assess complex industrial property, both real and personal, identified on an appraisal cycle to enable all such property to be valued as required pursuant to K.S.A. 79-1439, and amendments thereto, on or before January 1, 2018. Thereafter, the director shall annually determine the value of the property and shall keep a complete record of how such valuations were determined. The director is authorized to make any investigations and findings to properly arrive at the value of the property of each of the commercial properties to be appraised. Any taxpayer or representative shall upon request of the director furnish any records or files of such commercial property to such investigation. Any taxpayer or representative who furnishes false information shall be guilty of perjury. The director is authorized to contract with a qualified appraiser or appraisal company or companies to carry out the duties of the director to seasonably value, classify and assess complex industrial property as prescribed by this act. If the director does so contract, the

director shall use the same qualified appraiser or appraisal company for the same type of property within each industrial business described in subsections (a)(1) through (7) of section 1, and amendments thereto. The director, or a qualified appraiser or appraisal company or companies with which the director has contracted pursuant to this act, when valuing, classifying and assessing complex industrial property as provided by this act other than commercial and industrial machinery and equipment, may express fair market value by estimating a reasonable market value range.

Sec. 4. (a) Before the valuation, classification and assessment of complex industrial property is finally determined, the director shall send each taxpayer and each county where such property is located, a statement of the valuation, classification and assessment of such property. After receipt of the statement of the valuation, classification and assessment from the director, an informal conference may be held where the county and the taxpayer may come to an agreement on classification of real and personal property and a fair market value for the property that is within the market value range determined by the director. The county shall submit to the director a stipulation reflecting such classification and specific fair market value. Upon receipt of such stipulation, the director shall make a determination of classification and valuation of the property with consideration of such stipulation. The director shall send to each taxpayer and each county where such property is located a statement of such determination. The determination contained in such statement shall not require an adjudicative proceeding under the Kansas administrative procedure act. The statement shall inform the taxpayer of the right to an informal conference as provided in this section. The failure to request an informal conference shall not preclude any appeal under K.S.A. 74-2438, and amendments thereto. If the taxpayer has any objection to the statement as issued, the taxpayer shall, within 15 days of the date of

mailing of such statement, notify the director in writing of such objection. Within 30 days of the date of receipt by the director of such written objection, the director shall hold an informal conference with the taxpayer and shall issue a written finding, ruling, order, decision or other final action that shall become effective for purposes of the appeal as provided by K.S.A. 74-2438, and amendments thereto, three days following the mailing of a copy thereof to the taxpayer. Informal conferences held pursuant to this section may be conducted by the director or the director's designee. The rules of evidence shall not apply to an informal conference and no record shall be made, except at the request and expense of the director or the complex industrial property owner.

(b) Subsequent to certification and on or before October 1 of each year, the director may recertify any assessed valuation to correct any clerical or listing error.

Sec. 5. The assessed values of complex industrial property shall be certified to the county clerk of each county wherein the property is located, on or before June 15 of each year. The county clerk shall include such assessed values in the applicable taxing districts with all other assessed valuation in those taxing districts and on or before July 1 notify the appropriate officials of each taxing district with the county of the assessed valuation estimates to be utilized in the preparation of budgets for ad valorem tax purposes. If in any year the county clerk has not received the applicable valuation from the director, the county clerk shall use the applicable assessed valuation of the preceding year as an estimate for such notification.

Sec. 6. The board of county commissioners of any county wherein complex industrial property is located may abate a portion of the taxes levied upon a finding that such abatement encourages and sustains industrial development and fosters employment within the county. When, as

the result of an abatement, tax revenues are insufficient to finance the adopted budget of any taxing district in the county, the governing body may make application to the court of tax appeals for authority to issue warrants to pay for such budget shortfalls, as provided by K.S.A. 79-2938, and amendments thereto.

Sec. 7. The secretary of revenue is hereby authorized and empowered to promulgate all necessary rules and regulations deemed necessary to enforce the provisions of this act.";

And by renumbering sections accordingly;

On page 1, in the title, in line 1, by striking all after the semicolon; by striking all in lines 2 and inserting "relating to state valuation and assessment of complex industrial property; duties of the director of property valuation; qualified appraiser; abatement of portion of taxes in certain circumstances; no-fund warrants."

_____ District.