

As Amended by House Committee

Session of 2014

HOUSE BILL No. 2455

By Committee on Taxation

1-17

1 AN ACT concerning property taxation; relating to exemptions; certain
2 utility systems and appurtenances located on military installations;
3 amending K.S.A. 2013 Supp. 79-201a and repealing the existing
4 section.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2013 Supp. 79-201a is hereby amended to read as
8 follows: 79-201a. The following described property, to the extent herein
9 specified, shall be exempt from all property or ad valorem taxes levied
10 under the laws of the state of Kansas:

11 *First.* All property belonging exclusively to the United States, except
12 property which congress has expressly declared to be subject to state and
13 local taxation.

14 *Second.* All property used exclusively by the state or any municipality
15 or political subdivision of the state. All property owned, being acquired
16 pursuant to a lease-purchase agreement or operated by the state or any
17 municipality or political subdivision of the state, including property which
18 is vacant or lying dormant, which is used or is to be used for any
19 governmental or proprietary function and for which bonds may be issued
20 or taxes levied to finance the same, shall be considered to be used
21 exclusively by the state, municipality or political subdivision for the
22 purposes of this section. The lease by a municipality or political
23 subdivision of the state of any real property owned or being acquired
24 pursuant to a lease-purchase agreement for the purpose of providing office
25 space necessary for the performance of medical services by a person
26 licensed to practice medicine and surgery or osteopathic medicine by the
27 board of healing arts pursuant to K.S.A. 65-2801 et seq., and amendments
28 thereto, dentistry services by a person licensed by the Kansas dental board
29 pursuant to K.S.A. 65-1401 et seq., and amendments thereto, optometry
30 services by a person licensed by the board of examiners in optometry
31 pursuant to K.S.A. 65-1501 et seq., and amendments thereto, or K.S.A. 74-
32 1501 et seq., and amendments thereto, podiatry services by a person
33 licensed by the board of healing arts pursuant to K.S.A. 65-2001 et seq.,
34 and amendments thereto, or the practice of psychology by a person
35 licensed by the behavioral sciences regulatory board pursuant to K.S.A.
36 74-5301 et seq., and amendments thereto, shall be construed to be a

1 governmental function, and such property actually and regularly used for
2 such purpose shall be deemed to be used exclusively for the purposes of
3 this paragraph. The lease by a municipality or political subdivision of the
4 state of any real property, or portion thereof, owned or being acquired
5 pursuant to a lease-purchase agreement to any entity for the exclusive use
6 by it for an exempt purpose, including the purpose of displaying or
7 exhibiting personal property by a museum or historical society, if no
8 portion of the lease payments include compensation for return on the
9 investment in such leased property shall be deemed to be used exclusively
10 for the purposes of this paragraph. All property leased, other than motor
11 vehicles leased for a period of at least one year and property being
12 acquired pursuant to a lease-purchase agreement, to the state or any
13 municipality or political subdivision of the state by any private entity shall
14 not be considered to be used exclusively by the state or any municipality
15 or political subdivision of the state for the purposes of this section except
16 that the provisions of this sentence shall not apply to any such property
17 subject to lease on the effective date of this act until the term of such lease
18 expires but property taxes levied upon any such property prior to tax year
19 1989, shall not be abated or refunded. Any property constructed or
20 purchased with the proceeds of industrial revenue bonds issued prior to
21 July 1, 1963, as authorized by K.S.A. 12-1740 through 12-1749, and
22 amendments thereto, or purchased with proceeds of improvement district
23 bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-2776, and
24 amendments thereto, or with proceeds of bonds issued prior to July 1,
25 1963, as authorized by K.S.A. 19-3815a and 19-3815b, and amendments
26 thereto, or any property improved, purchased, constructed, reconstructed
27 or repaired with the proceeds of revenue bonds issued prior to July 1,
28 1963, as authorized by K.S.A. 13-1238 to 13-1245, inclusive, and
29 amendments thereto, or any property improved, reimproved, reconstructed
30 or repaired with the proceeds of revenue bonds issued after July 1, 1963,
31 under the authority of K.S.A. 13-1238 to 13-1245, inclusive, and
32 amendments thereto, which had previously been improved, reconstructed
33 or repaired with the proceeds of revenue bonds issued under such act on or
34 before July 1, 1963, shall be exempt from taxation for so long as any of the
35 revenue bonds issued to finance such construction, reconstruction,
36 improvement, repair or purchase shall be outstanding and unpaid. Any
37 property constructed or purchased with the proceeds of any revenue bonds
38 authorized by K.S.A. 13-1238 to 13-1245, inclusive, and amendments
39 thereto, 19-2776, 19-3815a and 19-3815b, and amendments thereto, issued
40 on or after July 1, 1963, shall be exempt from taxation only for a period of
41 10 calendar years after the calendar year in which the bonds were issued.
42 Any property, all or any portion of which is constructed or purchased with
43 the proceeds of revenue bonds authorized by K.S.A. 12-1740 to 12-1749,

1 inclusive, and amendments thereto, issued on or after July 1, 1963 and
2 prior to July 1, 1981, shall be exempt from taxation only for a period of 10
3 calendar years after the calendar year in which the bonds were issued.
4 Except as hereinafter provided, any property constructed or purchased
5 wholly with the proceeds of revenue bonds issued on or after July 1, 1981,
6 under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and
7 amendments thereto, shall be exempt from taxation only for a period of 10
8 calendar years after the calendar year in which the bonds were issued.
9 Except as hereinafter provided, any property constructed or purchased in
10 part with the proceeds of revenue bonds issued on or after July 1, 1981,
11 under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and
12 amendments thereto, shall be exempt from taxation to the extent of the
13 value of that portion of the property financed by the revenue bonds and
14 only for a period of 10 calendar years after the calendar year in which the
15 bonds were issued. The exemption of that portion of the property
16 constructed or purchased with the proceeds of revenue bonds shall
17 terminate upon the failure to pay all taxes levied on that portion of the
18 property which is not exempt and the entire property shall be subject to
19 sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments
20 thereto. Property constructed or purchased in whole or in part with the
21 proceeds of revenue bonds issued on or after January 1, 1995, under the
22 authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments
23 thereto, and used in any retail enterprise identified under NAICS sectors
24 44 and 45, except facilities used exclusively to house the headquarters or
25 back office operations of such retail enterprises identified thereunder, shall
26 not be exempt from taxation. For the purposes of the preceding provision
27 "NAICS" means the North American industry classification system, as
28 developed under the authority of the office of management and budget of
29 the office of the president of the United States. "Headquarters or back
30 office operations" means a facility from which the enterprise is provided
31 direction, management, administrative services, or distribution or
32 warehousing functions in support of transactions made by the enterprise.
33 Property purchased, constructed, reconstructed, equipped, maintained or
34 repaired with the proceeds of industrial revenue bonds issued under the
35 authority of K.S.A. 12-1740 et seq., and amendments thereto, which is
36 located in a redevelopment project area established under the authority of
37 K.S.A. 12-1770 et seq., and amendments thereto, shall not be exempt from
38 taxation. Property purchased, acquired, constructed, reconstructed,
39 improved, equipped, furnished, repaired, enlarged or remodeled with all or
40 any part of the proceeds of revenue bonds issued under authority of K.S.A.
41 12-1740 to 12-1749a, inclusive, and amendments thereto, for any poultry
42 confinement facility on agricultural land which is owned, acquired,
43 obtained or leased by a corporation, as such terms are defined by K.S.A.

1 17-5903, and amendments thereto, shall not be exempt from such taxation.
2 Property purchased, acquired, constructed, reconstructed, improved,
3 equipped, furnished, repaired, enlarged or remodeled with all or any part
4 of the proceeds of revenue bonds issued under the authority of K.S.A. 12-
5 1740 to 12-1749a, inclusive, and amendments thereto, for a rabbit
6 confinement facility on agricultural land which is owned, acquired,
7 obtained or leased by a corporation, as such terms are defined by K.S.A.
8 17-5903, and amendments thereto, shall not be exempt from such taxation.

9 *Third.* All works, machinery and fixtures used exclusively by any rural
10 water district or township water district for conveying or production of
11 potable water in such rural water district or township water district, and all
12 works, machinery and fixtures used exclusively by any entity which
13 performed the functions of a rural water district on and after January 1,
14 1990, and the works, machinery and equipment of which were exempted
15 hereunder on March 13, 1995.

16 *Fourth.* All fire engines and other implements used for the
17 extinguishment of fires, with the buildings used exclusively for the
18 safekeeping thereof, and for the meeting of fire companies, whether
19 belonging to any rural fire district, township fire district, town, city or
20 village, or to any fire company organized therein or therefor.

21 *Fifth.* All property, real and personal, owned by county fair associations
22 organized and operating under the provisions of K.S.A. 2-125 et seq., and
23 amendments thereto.

24 *Sixth.* Property acquired and held by any municipality under the
25 municipal housing law, K.S.A. 17-2337 et seq., and amendments thereto,
26 except that such exemption shall not apply to any portion of the project
27 used by a nondwelling facility for profit making enterprise.

28 *Seventh.* All property of a municipality, acquired or held under and for
29 the purposes of the urban renewal law, K.S.A. 17-4742 et seq., and
30 amendments thereto, except that such tax exemption shall terminate when
31 the municipality sells, leases or otherwise disposes of such property in
32 an urban renewal area to a purchaser or lessee which is not a public body
33 entitled to tax exemption with respect to such property.

34 *Eighth.* All property acquired and held by the Kansas armory board for
35 armory purposes under the provisions of K.S.A. 48-317, and amendments
36 thereto.

37 *Ninth.* All property acquired and used by the Kansas turnpike authority
38 under the authority of K.S.A. 68-2001 et seq., and amendments thereto,
39 K.S.A. 68-2030 et seq., and amendments thereto, K.S.A. 68-2051 et seq.,
40 and amendments thereto, and K.S.A. 68-2070 et seq., and amendments
41 thereto.

42 *Tenth.* All property acquired and used for state park purposes by the
43 Kansas department of wildlife, parks and tourism.

1 *Eleventh.* The state office building constructed under authority of
2 K.S.A. 75-3607 et seq., and amendments thereto, and the site upon which
3 such building is located.

4 *Twelfth.* All buildings erected under the authority of K.S.A. 76-6a01 et
5 seq., and amendments thereto, and all other student union buildings and
6 student dormitories erected upon the campus of any institution mentioned
7 in K.S.A. 76-6a01, and amendments thereto, by any other nonprofit
8 corporation.

9 *Thirteenth.* All buildings, as the same is defined in subsection (c) of
10 K.S.A. 76-6a13, and amendments thereto, which are erected, constructed
11 or acquired under the authority of K.S.A. 76-6a13 et seq., and amendments
12 thereto, and building sites acquired therefor.

13 *Fourteenth.* All that portion of the waterworks plant and system of the
14 city of Kansas City, Missouri, now or hereafter located within the territory
15 of the state of Kansas pursuant to the compact and agreement adopted by
16 K.S.A. 79-205, and amendments thereto.

17 *Fifteenth.* All property, real and personal, owned by a groundwater
18 management district organized and operating pursuant to K.S.A. 82a-1020,
19 and amendments thereto.

20 *Sixteenth.* All property, real and personal, owned by the joint water
21 district organized and operating pursuant to K.S.A. 80-1616 et seq., and
22 amendments thereto.

23 *Seventeenth.* All property, including interests less than fee ownership,
24 acquired for the state of Kansas by the secretary of transportation or a
25 predecessor in interest which is used in the administration, construction,
26 maintenance or operation of the state system of highways, regardless of
27 how or when acquired.

28 *Eighteenth.* Any building used primarily as an industrial training center
29 for academic or vocational education programs designed for and operated
30 under contract with private industry, and located upon a site owned, leased
31 or being acquired by or for an area vocational school, an area vocational-
32 technical school, a technical college, or a community college, as defined
33 by K.S.A. 72-4412, and amendments thereto, and the site upon which any
34 such building is located.

35 *Nineteenth.* For all taxable years commencing after December 31,
36 1997, all buildings of an area vocational school, an area vocational-
37 technical school, a technical college or a community college, as defined by
38 K.S.A. 72-4412, and amendments thereto, which are owned and operated
39 by any such school or college as a student union or dormitory and the site
40 upon which any such building is located.

41 *Twentieth.* For all taxable years commencing after December 31, 1997,
42 all personal property which is contained within a dormitory that is exempt
43 from property taxation and which is necessary for the accommodation of

1 the students residing therein.

2 *Twenty-First.* All real property from and after the date of its transfer by
3 the city of Olathe, Kansas, to the Kansas state university foundation, all
4 buildings and improvements thereafter erected and located on such
5 property, and all tangible personal property, which is held, used or
6 operated for educational and research purposes at the Kansas state
7 university Olathe innovation campus located in the city of Olathe, Kansas.

8 *Twenty-Second.* All real property, and all tangible personal property,
9 owned by postsecondary educational institutions, as that term is defined in
10 K.S.A. 74-3201b, and amendments thereto, or by the board of regents on
11 behalf of the postsecondary educational institutions, which is leased by a
12 for profit company and is actually and regularly used exclusively for
13 research and development purposes so long as any rental income received
14 by such postsecondary educational institution or the board of regents from
15 such a company is used exclusively for educational or scientific purposes.
16 Any such lease or occupancy described in this section shall be for a term
17 of no more than five years.

18 *Twenty-Third.* For all taxable years commencing after December 31,
19 2005, any and all housing developments and related improvements located
20 on United States department of defense military installations in the state of
21 Kansas, which are developed pursuant to the military housing privatization
22 initiative, 10 U.S.C. § 2871 et seq., or any successor thereto, and which are
23 provided exclusively or primarily for use by military personnel of the
24 United States and their families.

25 *Twenty-Fourth.* For all taxable years commencing after December 31,
26 2012, except as hereinafter provided, any property constructed or
27 purchased in part with the proceeds of revenue bonds issued on or after
28 July 1, 2013, under the authority of K.S.A. 12-1740 to 12-1749a,
29 inclusive, and amendments thereto, shall be exempt from taxation to the
30 extent of the value of that portion of the property financed by the revenue
31 bonds and only for a period of 10 calendar years after the calendar year in
32 which the bonds were issued. The exemption of that portion of the
33 property constructed or purchased with the proceeds of revenue bonds
34 shall terminate upon the failure to pay all taxes levied on that portion of
35 the property which is not exempt and the entire property shall be subject to
36 sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments
37 thereto. Property constructed or purchased in whole or in part with the
38 proceeds of revenue bonds issued on or after January 1, 1995, under the
39 authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments
40 thereto, and used in any retail enterprise identified under NAICS sectors
41 44 and 45, except facilities used exclusively to house the headquarters or
42 back office operations of such retail enterprises identified thereunder, shall
43 not be exempt from taxation. For the purposes of the preceding provision

1 "NAICS" means the North American industry classification system, as
2 developed under the authority of the office of management and budget of
3 the office of the president of the United States. "Headquarters or back
4 office operations" means a facility from which the enterprise is provided
5 direction, management, administrative services, or distribution or
6 warehousing functions in support of transactions made by the enterprise.
7 Property purchased, constructed, reconstructed, equipped, maintained or
8 repaired with the proceeds of industrial revenue bonds issued under the
9 authority of K.S.A. 12-1740 et seq., and amendments thereto, which is
10 located in a redevelopment project area established under the authority of
11 K.S.A. 12-1770 et seq., and amendments thereto, shall not be exempt from
12 taxation. Property purchased, acquired, constructed, reconstructed,
13 improved, equipped, furnished, repaired, enlarged or remodeled with all or
14 any part of the proceeds of revenue bonds issued under authority of K.S.A.
15 12-1740 to 12-1749a, inclusive, and amendments thereto, for any poultry
16 confinement facility on agricultural land which is owned, acquired,
17 obtained or leased by a corporation, as such terms are defined by K.S.A.
18 17-5903, and amendments thereto, shall not be exempt from such taxation.
19 Property purchased, acquired, constructed, reconstructed, improved,
20 equipped, furnished, repaired, enlarged or remodeled with all or any part
21 of the proceeds of revenue bonds issued under the authority of K.S.A. 12-
22 1740 to 12-1749a, inclusive, and amendments thereto, for a rabbit
23 confinement facility on agricultural land which is owned, acquired,
24 obtained or leased by a corporation, as such terms are defined by K.S.A.
25 17-5903, and amendments thereto, shall not be exempt from such taxation.

26 *Twenty-Fifth. For all taxable years commencing after December 31,*
27 *2013, any and all utility systems and appurtenances located on United*
28 *States department of defense military installations in the state of Kansas,*
29 *which have been acquired*~~*or installed*~~ *after December 31, 2013, pursuant*
30 *to the military utilities privatization initiative, 10 U.S.C. § 2688 et seq., or*
31 *any successor thereto, **or which have been installed after December 31,***
32 ***2013,** and which are provided exclusively or primarily for use by the*
33 *military of the United States.*

34 Except as otherwise specifically provided, the provisions of this section
35 shall apply to all taxable years commencing after December 31, 2010.

36 Sec. 2. K.S.A. 2013 Supp. 79-201a is hereby repealed.

37 Sec. 3. This act shall take effect and be in force from and after its
38 publication in the statute book.