

As Amended by House Committee

Session of 2014

HOUSE BILL No. 2648

By Committee on Commerce, Labor and Economic Development

2-12

1 AN ACT concerning property tax exemptions; amending K.S.A. 2013
2 Supp. 79-201a and repealing the existing section.

3
4 *Be it enacted by the Legislature of the State of Kansas:*

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

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

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

1 this paragraph. The lease by a municipality or political subdivision of the
2 state of any real property, or portion thereof, owned or being acquired
3 pursuant to a lease-purchase agreement to any entity for the exclusive use
4 by it for an exempt purpose, including the purpose of displaying or
5 exhibiting personal property by a museum or historical society, if no
6 portion of the lease payments include compensation for return on the
7 investment in such leased property shall be deemed to be used exclusively
8 for the purposes of this paragraph. All property leased, other than motor
9 vehicles leased for a period of at least one year and property being
10 acquired pursuant to a lease-purchase agreement, to the state or any
11 municipality or political subdivision of the state by any private entity shall
12 not be considered to be used exclusively by the state or any municipality
13 or political subdivision of the state for the purposes of this section except
14 that the provisions of this sentence shall not apply to any such property
15 subject to lease on the effective date of this act until the term of such lease
16 expires but property taxes levied upon any such property prior to tax year
17 1989, shall not be abated or refunded. Any property constructed or
18 purchased with the proceeds of industrial revenue bonds issued prior to
19 July 1, 1963, as authorized by K.S.A. 12-1740 through 12-1749, and
20 amendments thereto, or purchased with proceeds of improvement district
21 bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-2776, and
22 amendments thereto, or with proceeds of bonds issued prior to July 1,
23 1963, as authorized by K.S.A. 19-3815a and 19-3815b, and amendments
24 thereto, or any property improved, purchased, constructed, reconstructed
25 or repaired with the proceeds of revenue bonds issued prior to July 1,
26 1963, as authorized by K.S.A. 13-1238 to 13-1245, inclusive, and
27 amendments thereto, or any property improved, reimproved, reconstructed
28 or repaired with the proceeds of revenue bonds issued after July 1, 1963,
29 under the authority of K.S.A. 13-1238 to 13-1245, inclusive, and
30 amendments thereto, which had previously been improved, reconstructed
31 or repaired with the proceeds of revenue bonds issued under such act on or
32 before July 1, 1963, shall be exempt from taxation for so long as any of the
33 revenue bonds issued to finance such construction, reconstruction,
34 improvement, repair or purchase shall be outstanding and unpaid. Any
35 property constructed or purchased with the proceeds of any revenue bonds
36 authorized by K.S.A. 13-1238 to 13-1245, inclusive, and amendments
37 thereto, 19-2776, 19-3815a and 19-3815b, and amendments thereto, issued
38 on or after July 1, 1963, shall be exempt from taxation only for a period of
39 10 calendar years after the calendar year in which the bonds were issued.
40 Any property, all or any portion of which is constructed or purchased with
41 the proceeds of revenue bonds authorized by K.S.A. 12-1740 to 12-1749,
42 inclusive, and amendments thereto, issued on or after July 1, 1963 and
43 prior to July 1, 1981, shall be exempt from taxation only for a period of 10

1 calendar years after the calendar year in which the bonds were issued.
2 Except as hereinafter provided, any property constructed or purchased
3 wholly with the proceeds of revenue bonds issued on or after July 1, 1981,
4 under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and
5 amendments thereto, shall be exempt from taxation only for a period of 10
6 calendar years after the calendar year in which the bonds were issued.
7 Except as hereinafter provided, any property constructed or purchased in
8 part with the proceeds of revenue bonds issued on or after July 1, 1981,
9 under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and
10 amendments thereto, shall be exempt from taxation to the extent of the
11 value of that portion of the property financed by the revenue bonds and
12 only for a period of 10 calendar years after the calendar year in which the
13 bonds were issued. The exemption of that portion of the property
14 constructed or purchased with the proceeds of revenue bonds shall
15 terminate upon the failure to pay all taxes levied on that portion of the
16 property which is not exempt and the entire property shall be subject to
17 sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments
18 thereto. Property constructed or purchased in whole or in part with the
19 proceeds of revenue bonds issued on or after January 1, 1995, under the
20 authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments
21 thereto, and used in any retail enterprise identified under NAICS sectors
22 44 and 45, except facilities used exclusively to house the headquarters or
23 back office operations of such retail enterprises identified thereunder, shall
24 not be exempt from taxation. For the purposes of the preceding provision
25 "NAICS" means the North American industry classification system, as
26 developed under the authority of the office of management and budget of
27 the office of the president of the United States. "Headquarters or back
28 office operations" means a facility from which the enterprise is provided
29 direction, management, administrative services, or distribution or
30 warehousing functions in support of transactions made by the enterprise.
31 Property purchased, constructed, reconstructed, equipped, maintained or
32 repaired with the proceeds of industrial revenue bonds issued under the
33 authority of K.S.A. 12-1740 et seq., and amendments thereto, which is
34 located in a redevelopment project area established under the authority of
35 K.S.A. 12-1770 et seq., and amendments thereto, shall not be exempt from
36 taxation. Property purchased, acquired, constructed, reconstructed,
37 improved, equipped, furnished, repaired, enlarged or remodeled with all or
38 any part of the proceeds of revenue bonds issued under authority of K.S.A.
39 12-1740 to 12-1749a, inclusive, and amendments thereto, for any poultry
40 confinement facility on agricultural land which is owned, acquired,
41 obtained or leased by a corporation, as such terms are defined by K.S.A.
42 17-5903, and amendments thereto, shall not be exempt from such taxation.
43 Property purchased, acquired, constructed, reconstructed, improved,

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

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

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

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

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

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

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

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

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

42 *Eleventh.* The state office building constructed under authority of
43 K.S.A. 75-3607 et seq., and amendments thereto, and the site upon which

1 such building is located.

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

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

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

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

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

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

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

33 *Nineteenth.* For all taxable years commencing after December 31,
34 1997, all buildings of an area vocational school, an area vocational-
35 technical school, a technical college or a community college, as defined by
36 K.S.A. 72-4412, and amendments thereto, which are owned and operated
37 by any such school or college as a student union or dormitory and the site
38 upon which any such building is located.

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

43 *Twenty-First.* All real property from and after the date of its transfer by

1 the city of Olathe, Kansas, to the Kansas state university foundation, all
2 buildings and improvements thereafter erected and located on such
3 property, and all tangible personal property, which is held, used or
4 operated for educational and research purposes at the Kansas state
5 university Olathe innovation campus located in the city of Olathe, Kansas.

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

16 *Twenty-Third.* For all taxable years commencing after December 31,
17 2005, any and all housing developments and related improvements located
18 on United States department of defense military installations in the state of
19 Kansas, which are developed pursuant to the military housing privatization
20 initiative, 10 U.S.C. § 2871 et seq., or any successor thereto, and which are
21 provided exclusively or primarily for use by military personnel of the
22 United States and their families.

23 *Twenty-Fourth.* For all taxable years commencing after December 31,
24 2012, except as hereinafter provided, any property constructed or
25 purchased in part with the proceeds of revenue bonds issued on or after
26 July 1, 2013, under the authority of K.S.A. 12-1740 to 12-1749a,
27 inclusive, and amendments thereto, shall be exempt from taxation to the
28 extent of the value of that portion of the property financed by the revenue
29 bonds and only for a period of 10 calendar years after the calendar year in
30 which the bonds were issued. The exemption of that portion of the
31 property constructed or purchased with the proceeds of revenue bonds
32 shall terminate upon the failure to pay all taxes levied on that portion of
33 the property which is not exempt and the entire property shall be subject to
34 sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments
35 thereto. Property constructed or purchased in whole or in part with the
36 proceeds of revenue bonds issued on or after January 1, 1995, under the
37 authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments
38 thereto, and used in any retail enterprise identified under NAICS sectors
39 44 and 45, except facilities used exclusively to house the headquarters or
40 back office operations of such retail enterprises identified thereunder, shall
41 not be exempt from taxation. For the purposes of the preceding provision
42 "NAICS" means the North American industry classification system, as
43 developed under the authority of the office of management and budget of

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

24 *Twenty-Fifth. For all taxable years commencing after December 31,*
25 *2014, All land owned by a municipality that is a part of a public levee that*
26 *is leased pursuant to K.S.A. 13-1243, and amendments thereto.*

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

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

30 Sec. 3. This act shall take effect and be in force from and after its
31 publication in the Kansas register.