

HOUSE BILL No. 2574

By Representative Ballou

1-22

AN ACT concerning property taxation; relating to limitations upon certain property tax exemptions; state school district levy; amending K.S.A. 2003 Supp. 79-201a and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

New Section 1. No ad valorem tax exemption for real or personal property granted after the effective date of this act by the governing body of any city or the board of county commissioners of any county pursuant to the provisions of section 13 of article 11 of the Kansas constitution shall be deemed to exempt any such property from the ad valorem property tax levied pursuant to K.S.A. 72-6431, and amendments thereto.

Sec. 2. K.S.A. 2003 Supp. 79-201a is hereby amended to read as follows: 79-201a. The following described property, to the extent herein specified, shall be exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

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

Second. All property used exclusively by the state or any municipality or political subdivision of the state. All property owned, being acquired pursuant to a lease-purchase agreement or operated by the state or any municipality or political subdivision of the state, including property which is vacant or lying dormant, which is used or is to be used for any governmental or proprietary function and for which bonds may be issued or taxes levied to finance the same, shall be considered to be used exclusively by the state, municipality or political subdivision for the purposes of this section. The lease by a municipality or political subdivision of the state of any real property owned or being acquired pursuant to a lease-purchase agreement for the purpose of providing office space necessary for the performance of medical services by a person licensed to practice medicine and surgery or osteopathic medicine by the board of healing arts pursuant to K.S.A. 65-2801 *et seq.*, and amendments thereto, dentistry services by a person licensed by the Kansas dental board pursuant to K.S.A. 65-1401 *et seq.*, and amendments thereto, optometry services by a person licensed by the board of examiners in optometry pursuant to K.S.A. 65-1501 *et*

1 *seq.*, and amendments thereto, or K.S.A. 74-1501 *et seq.*, and amend-
2 ments thereto, podiatry services by a person licensed by the board of
3 healing arts pursuant to K.S.A. 65-2001 *et seq.*, and amendments thereto,
4 or the practice of psychology by a person licensed by the behavioral sci-
5 ences regulatory board pursuant to K.S.A. 74-5301 *et seq.*, and amend-
6 ments thereto, shall be construed to be a governmental function, and
7 such property actually and regularly used for such purpose shall be
8 deemed to be used exclusively for the purposes of this paragraph. The
9 lease by a municipality or political subdivision of the state of any real
10 property, or portion thereof, owned or being acquired pursuant to a lease-
11 purchase agreement to any entity for the exclusive use by it for an exempt
12 purpose, including the purpose of displaying or exhibiting personal prop-
13 erty by a museum or historical society, if no portion of the lease payments
14 include compensation for return on the investment in such leased prop-
15 erty shall be deemed to be used exclusively for the purposes of this par-
16 agraph. All property leased, other than property being acquired pursuant
17 to a lease-purchase agreement, to the state or any municipality or political
18 subdivision of the state by any private entity shall not be considered to
19 be used exclusively by the state or any municipality or political subdivision
20 of the state for the purposes of this section except that the provisions of
21 this sentence shall not apply to any such property subject to lease on the
22 effective date of this act until the term of such lease expires but property
23 taxes levied upon any such property prior to tax year 1989, shall not be
24 abated or refunded. Any property constructed or purchased with the pro-
25 ceeds of industrial revenue bonds issued prior to July 1, 1963, as author-
26 ized by K.S.A. 12-1740 to 12-1749, or purchased with proceeds of im-
27 provement district bonds issued prior to July 1, 1963, as authorized by
28 K.S.A. 19-2776, or with proceeds of bonds issued prior to July 1, 1963,
29 as authorized by K.S.A. 19-3815a and 19-3815b, or any property im-
30 proved, purchased, constructed, reconstructed or repaired with the pro-
31 ceeds of revenue bonds issued prior to July 1, 1963, as authorized by
32 K.S.A. 13-1238 to 13-1245, inclusive, or any property improved, reim-
33 proved, reconstructed or repaired with the proceeds of revenue bonds
34 issued after July 1, 1963, under the authority of K.S.A. 13-1238 to 13-
35 1245, inclusive, which had previously been improved, reconstructed or
36 repaired with the proceeds of revenue bonds issued under such act on or
37 before July 1, 1963, shall be exempt from taxation for so long as any of
38 the revenue bonds issued to finance such construction, reconstruction,
39 improvement, repair or purchase shall be outstanding and unpaid. Any
40 property constructed or purchased with the proceeds of any revenue
41 bonds authorized by K.S.A. 13-1238 to 13-1245, inclusive, 19-2776, 19-
42 3815a and 19-3815b, and amendments thereto, issued on or after July 1,
43 1963, shall be exempt from taxation only for a period of 10 calendar years

1 after the calendar year in which the bonds were issued. Any property, all
2 or any portion of which is constructed or purchased with the proceeds of
3 revenue bonds authorized by K.S.A. 12-1740 to 12-1749, inclusive, and
4 amendments thereto, issued on or after July 1, 1963 and prior to July 1,
5 1981, shall be exempt from taxation only for a period of 10 calendar years
6 after the calendar year in which the bonds were issued. Except as here-
7 inafter provided, any property constructed or purchased wholly with the
8 proceeds of revenue bonds issued on or after July 1, 1981, *and prior to*
9 *July 1, 2004*, under the authority of K.S.A. 12-1740 to 12-1749, inclusive,
10 and amendments thereto, shall be exempt from taxation only for a period
11 of 10 calendar years after the calendar year in which the bonds were
12 issued. Except as hereinafter provided, any property constructed or pur-
13 chased in part with the proceeds of revenue bonds issued on or after July
14 1, 1981, *and prior to July 1, 2004*, under the authority of K.S.A. 12-1740
15 to 12-1749, inclusive, and amendments thereto, shall be exempt from
16 taxation to the extent of the value of that portion of the property financed
17 by the revenue bonds and only for a period of 10 calendar years after the
18 calendar year in which the bonds were issued. The exemption of that
19 portion of the property constructed or purchased with the proceeds of
20 revenue bonds shall terminate upon the failure to pay all taxes levied on
21 that portion of the property which is not exempt and the entire property
22 shall be subject to sale in the manner prescribed by K.S.A. 79-2301 *et*
23 *seq.*, and amendments thereto. *Any property constructed or purchased*
24 *wholly with the proceeds of revenue bonds issued on or after July 1, 2004,*
25 *under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amend-*
26 *ments thereto, shall be exempt from all property or ad valorem taxes levied*
27 *except the ad valorem tax levied pursuant to K.S.A. 72-6431, and amend-*
28 *ments thereto. All such property shall be exempt from taxation to the*
29 *extent herein provided only for a period of 10 calendar years after the*
30 *calendar year in which the bonds were issued. Such exemption shall ter-*
31 *minate upon the failure to pay all taxes levied upon the property, and the*
32 *entire property shall be subject to sale in the manner prescribed by K.S.A.*
33 *79-2301 et seq., and amendments thereto. Any property constructed or*
34 *purchased in part with the proceeds of revenue bonds issued on or after*
35 *July 1, 2004, under the authority of K.S.A. 12-1740 to 12-1749, inclusive,*
36 *and amendments thereto, shall be exempt from all property or ad valorem*
37 *taxes levied, except the ad valorem tax levied pursuant to K.S.A. 72-6431,*
38 *and amendments thereto. All such property shall be exempt from taxation*
39 *to the extent herein provided only for a period of 10 calendar years after*
40 *the calendar year in which the bonds were issued. Such exemption shall*
41 *terminate upon the failure to pay all taxes levied on the property, and the*
42 *entire property shall be subject to sale in the manner prescribed by K.S.A.*
43 *79-2301 et seq., and amendments thereto.* Property constructed or pur-

1 chased in whole or in part with the proceeds of revenue bonds issued on
2 or after January 1, 1995, under the authority of K.S.A. 12-1740 to 12-
3 1749, inclusive, and amendments thereto, and used in any retail enter-
4 prise identified under the standard industrial classification codes, major
5 groups 52 through 59, inclusive, except facilities used exclusively to house
6 the headquarters or back office operations of such retail enterprises iden-
7 tified thereunder, shall not be exempt from taxation. For the purposes of
8 the preceding provision “standard industrial classification code” means a
9 standard industrial classification code published in the Standard Industrial
10 Classification manual, 1987, as prepared by the statistical policy division
11 of the office of management and budget of the office of the president of
12 the United States. “Headquarters or back office operations” means a fa-
13 cility from which the enterprise is provided direction, management, ad-
14 ministrative services, or distribution or warehousing functions in support
15 of transactions made by the enterprise. Property purchased, constructed,
16 reconstructed, equipped, maintained or repaired with the proceeds of
17 industrial revenue bonds issued under the authority of K.S.A. 12-1740 *et*
18 *seq.*, and amendments thereto, which is located in a redevelopment pro-
19 ject area established under the authority of K.S.A. 12-1770 *et seq.* shall
20 not be exempt from taxation. Property purchased, acquired, constructed,
21 reconstructed, improved, equipped, furnished, repaired, enlarged or re-
22 modeled with all or any part of the proceeds of revenue bonds issued
23 under authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amend-
24 ments thereto for any poultry confinement facility on agricultural land
25 which is owned, acquired, obtained or leased by a corporation, as such
26 terms are defined by K.S.A. 17-5903 and amendments thereto, shall not
27 be exempt from such taxation. Property purchased, acquired, constructed,
28 reconstructed, improved, equipped, furnished, repaired, enlarged or re-
29 modeled with all or any part of the proceeds of revenue bonds issued
30 under the authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amend-
31 ments thereto, for a rabbit confinement facility on agricultural land which
32 is owned, acquired, obtained or leased by a corporation, as such terms
33 are defined by K.S.A. 17-5903 and amendments thereto, shall not be
34 exempt from such taxation.

35 *Third.* All works, machinery and fixtures used exclusively by any rural
36 water district or township water district for conveying or production of
37 potable water in such rural water district or township water district, and
38 all works, machinery and fixtures used exclusively by any entity which
39 performed the functions of a rural water district on and after January 1,
40 1990, and the works, machinery and equipment of which were exempted
41 hereunder on March 13, 1995.

42 *Fourth.* All fire engines and other implements used for the extinguish-
43 ment of fires, with the buildings used exclusively for the safekeeping

1 thereof, and for the meeting of fire companies, whether belonging to any
2 rural fire district, township fire district, town, city or village, or to any fire
3 company organized therein or therefor.

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

7 *Sixth.* Property acquired and held by any municipality under the mu-
8 nicipal housing law (K.S.A. 17-2337 *et seq.*) and amendments thereto,
9 except that such exemption shall not apply to any portion of the project
10 used by a nondwelling facility for profit making enterprise.

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

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

20 *Ninth.* All property acquired and used by the Kansas turnpike authority
21 under the authority of K.S.A. 68-2001 *et seq.*, and amendments thereto,
22 K.S.A. 68-2030 *et seq.*, and amendments thereto, K.S.A. 68-2051 *et seq.*,
23 and amendments thereto, and K.S.A. 68-2070 *et seq.*, and amendments
24 thereto.

25 *Tenth.* All property acquired and used for state park purposes by the
26 Kansas department of wildlife and parks.

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

30 *Twelfth.* All buildings erected under the authority of K.S.A. 76-6a01 *et*
31 *seq.*, and amendments thereto, and all other student union buildings and
32 student dormitories erected upon the campus of any institution men-
33 tioned in K.S.A. 76-6a01, and amendments thereto, by any other non-
34 profit corporation.

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

39 *Fourteenth.* All that portion of the waterworks plant and system of the
40 city of Kansas City, Missouri, now or hereafter located within the territory
41 of the state of Kansas pursuant to the compact and agreement adopted
42 by chapter 304 of the 1921 Session Laws of the state of Kansas. [See
43 K.S.A. 79-205.]

1 *Fifteenth.* All property, real and personal, owned by a groundwater
2 management district organized and operating pursuant to K.S.A. 82a-
3 1020, and amendments thereto.

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

7 *Seventeenth.* All property, including interests less than fee ownership,
8 acquired for the state of Kansas by the secretary of transportation or a
9 predecessor in interest which is used in the administration, construction,
10 maintenance or operation of the state system of highways, regardless of
11 how or when acquired.

12 *Eighteenth.* Any building used primarily as an industrial training center
13 for academic or vocational education programs designed for and operated
14 under contract with private industry, and located upon a site owned,
15 leased or being acquired by or for an area vocational school, an area
16 vocational-technical school, a technical college, or a community college,
17 as defined by K.S.A. 72-4412, and amendments thereto, and the site upon
18 which any such building is located.

19 *Nineteenth.* For all taxable years commencing after December 31,
20 1997, all buildings of an area vocational school, an area vocational-
21 technical school, a technical college or a community college, as defined by
22 K.S.A. 72-4412, and amendments thereto, which are owned and operated
23 by any such school or college as a student union or dormitory and the
24 site upon which any such building is located.

25 *Twentieth.* For all taxable years commencing after December 31,
26 1997, all personal property which is contained within a dormitory that is
27 exempt from property taxation and which is necessary for the accom-
28 modation of the students residing therein.

29 Except as otherwise specifically provided, the provisions of this section
30 shall apply to all taxable years commencing after December 31, 2000.

31 Sec. 3. K.S.A. 2003 Supp. 79-201a is hereby repealed.

32 Sec. 4. This act shall take effect and be in force from and after its
33 publication in the statute book.

34
35
36
37
38
39
40
41
42
43