

## SENATE BILL No. 445

By Committee on Ways and Means

1-25

---

9 AN ACT concerning property tax; relating to exemptions; pertaining to  
10 property held by the secretary of transportation; amending K.S.A. 2009  
11 Supp. 79-201a and repealing the existing section.  
12

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

14 Section 1. K.S.A. 2009 Supp. 79-201a is hereby amended to read as  
15 follows: 79-201a. The following described property, to the extent herein  
16 specified, shall be exempt from all property or ad valorem taxes levied  
17 under the laws of the state of Kansas:

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

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

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

1 after the calendar year in which the bonds were issued. Except as here-  
2 inafter provided, any property constructed or purchased wholly with the  
3 proceeds of revenue bonds issued on or after July 1, 1981, under the  
4 authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments  
5 thereto, shall be exempt from taxation only for a period of 10 calendar  
6 years after the calendar year in which the bonds were issued. Except as  
7 hereinafter provided, any property constructed or purchased in part with  
8 the proceeds of revenue bonds issued on or after July 1, 1981, under the  
9 authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments  
10 thereto, shall be exempt from taxation to the extent of the value of that  
11 portion of the property financed by the revenue bonds and only for a  
12 period of 10 calendar years after the calendar year in which the bonds  
13 were issued. The exemption of that portion of the property constructed  
14 or purchased with the proceeds of revenue bonds shall terminate upon  
15 the failure to pay all taxes levied on that portion of the property which is  
16 not exempt and the entire property shall be subject to sale in the manner  
17 prescribed by K.S.A. 79-2301 et seq., and amendments thereto. Property  
18 constructed or purchased in whole or in part with the proceeds of revenue  
19 bonds issued on or after January 1, 1995, under the authority of K.S.A.  
20 12-1740 to 12-1749, inclusive, and amendments thereto, and used in any  
21 retail enterprise identified under the standard industrial classification  
22 codes, major groups 52 through 59, inclusive, except facilities used exclu-  
23 sively to house the headquarters or back office operations of such retail  
24 enterprises identified thereunder, shall not be exempt from taxation. For  
25 the purposes of the preceding provision “standard industrial classification  
26 code” means a standard industrial classification code published in the  
27 Standard Industrial Classification manual, 1987, as prepared by the sta-  
28 tistical policy division of the office of management and budget of the  
29 office of the president of the United States. “Headquarters or back office  
30 operations” means a facility from which the enterprise is provided direc-  
31 tion, management, administrative services, or distribution or warehousing  
32 functions in support of transactions made by the enterprise. Property  
33 purchased, constructed, reconstructed, equipped, maintained or repaired  
34 with the proceeds of industrial revenue bonds issued under the authority  
35 of K.S.A. 12-1740 et seq., and amendments thereto, which is located in  
36 a redevelopment project area established under the authority of K.S.A.  
37 12-1770 et seq., shall not be exempt from taxation. Property purchased,  
38 acquired, constructed, reconstructed, improved, equipped, furnished, re-  
39 paired, enlarged or remodeled with all or any part of the proceeds of  
40 revenue bonds issued under authority of K.S.A. 12-1740 to 12-1749a,  
41 inclusive, and amendments thereto for any poultry confinement facility  
42 on agricultural land which is owned, acquired, obtained or leased by a  
43 corporation, as such terms are defined by K.S.A. 17-5903 and amend-

1 ments thereto, shall not be exempt from such taxation. Property pur-  
2 chased, acquired, constructed, reconstructed, improved, equipped, fur-  
3 nished, repaired, enlarged or remodeled with all or any part of the  
4 proceeds of revenue bonds issued under the authority of K.S.A. 12-1740  
5 to 12-1749a, inclusive, and amendments thereto, for a rabbit confinement  
6 facility on agricultural land which is owned, acquired, obtained or leased  
7 by a corporation, as such terms are defined by K.S.A. 17-5903 and amend-  
8 ments 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  
12 all 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 extin-  
17 guishment of fires, with the buildings used exclusively for the safekeeping  
18 thereof, and for the meeting of fire companies, whether belonging to any  
19 rural fire district, township fire district, town, city or village, or to any fire  
20 company organized therein or therefor.

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

24 *Sixth.* Property acquired and held by any municipality under the mu-  
25 nicipal 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  
29 for 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 an  
32 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  
35 for armory purposes under the provisions of K.S.A. 48-317, and amend-  
36 ments thereto.

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

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

- 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  
5 et seq., and amendments thereto, and all other student union buildings  
6 and student dormitories erected upon the campus of any institution men-  
7 tioned in K.S.A. 76-6a01, and amendments thereto, by any other non-  
8 profit 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 amend-  
12 ments thereto, and building sites acquired therefor.
- 13     *Fourteenth.* All that portion of the waterworks plant and system of  
14 the city of Kansas City, Missouri, now or hereafter located within the  
15 territory of the state of Kansas pursuant to the compact and agreement  
16 adopted by 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-  
19 1020, 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, *including acquisitions in advance of construction*  
28 *pursuant to K.S.A. 68-423a, and amendments thereto, regardless of the*  
29 *use such property is put to in the interim between acquisition and ultimate*  
30 *use for state highway purposes.*
- 31     *Eighteenth.* Any building used primarily as an industrial training cen-  
32 ter for academic or vocational education programs designed for and op-  
33 erated under contract with private industry, and located upon a site  
34 owned, leased or being acquired by or for an area vocational school, an  
35 area vocational-technical school, a technical college, or a community col-  
36 lege, as defined by K.S.A. 72-4412, and amendments thereto, and the site  
37 upon which any such building is located.
- 38     *Nineteenth.* For all taxable years commencing after December 31,  
39 1997, all buildings of an area vocational school, an area vocational-tech-  
40 nical school, a technical college or a community college, as defined by  
41 K.S.A. 72-4412, and amendments thereto, which are owned and operated  
42 by any such school or college as a student union or dormitory and the  
43 site upon which any such building is located.

1     *Twentieth.* For all taxable years commencing after December 31,  
2 1997, all personal property which is contained within a dormitory that is  
3 exempt from property taxation and which is necessary for the accom-  
4 modation of the students residing therein.

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

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

21     Except as otherwise specifically provided, the provisions of this section  
22 shall apply to all taxable years commencing after December 31, ~~2009~~  
23 2010.

24     Sec. 2. K.S.A. 2009 Supp. 79-201a is hereby repealed.

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