

SESSION OF 2004

**CONFERENCE COMMITTEE REPORT BRIEF  
SENATE SUBSTITUTE FOR HOUSE BILL NO. 2375**

As Agreed to May 4, 2004

**Brief \***

Senate Sub. for HB 2375 would make a number of changes in various state and local tax laws.

The bill would:

- ! amend KSA 79-412 to require the person recording or filing a lease agreement to include the words "building on leased ground" on the first page of a lease agreement, when improvements exist which are owned by entities other than the landowner. The legislation further states failure to include these words may result in the improvements being assessed to the landowner. (HB 2559)
- ! require that taxes collected on additional valuation added as a result of penalties for the late filing of personal property and oil and gas renditions would not be distributed by county treasurers to taxing subdivisions when such taxes have been paid under protest until such time as the appeals are final. (HB 2559)
- ! provide that certain contractors who had entered into written agreements prior to July 1, 2003 – the effective date of the expansion of the local use tax base – to furnish tangible personal property to become part of completed improvements relative to the construction, reconstruction, restoration, replacement, repair, equipment or improvement of a bridge or highway, street, road, alley, sewer, sewage system, water line, or water system, would be entitled to an exemption from the local use tax if proof of the written agreements is submitted to the Director of Taxation prior to July 10, 2004. (HB 2662)

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\*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. The conference committee summary report may be accessed on the Internet at <http://www.kslegislature.org>

- ! authorize cities to establish redevelopment districts to finance the investigation and remediation of certain floodplains. Cities would be authorized to establish an annual floodplain increment in property taxes, provided that the increment could not exceed 20 percent of the amount of taxes produced in the year the redevelopment districts were first established. (HB 2891)
- ! provide a motor fuel tax exemption for the sale of kerosene used as a fuel to power antique steam motor vehicles first manufactured prior to 1940. (HB 2910)
- ! renew special local sales tax rate authority of 0.5 percent for Clay County for additional five-year periods, subject to voter approval. Under current law, the county has since 2001 utilized its authority to levy a special 0.5 percent tax for roadway construction and improvement, but the tax is required to sunset after five years. (SB 307)
- ! make clarifying changes to language in the motor fuel tax refund statute, KSA 79-3458, regarding necessary documentation by authorizing invoices or self-generated lists approved by the Director of Taxation; and by further eliminating the current requirement that only hard-copy original invoices are acceptable for documentation purposes. (SB 368)
- ! replace the formal appeal process for drug tax assessments, currently under the Kansas Administrative Procedures Act (KAPA), with an informal conference process similar to that used currently for income and sales tax administrative appeals. (SB 411)
- ! require, as of January 1, 2005, organizations with entity-based sales tax exemptions to apply for identification numbers from the Department of Revenue which would subsequently be required to be shown on exemption certificates presented to retailers. (SB 413)
- ! amend the definition of "residential" for property tax classification purposes to provide that such term would include land and improvements used to store household goods and personal effects not used for the production of income, even when such land and improvements are not contiguous to land accommodating a dwelling or home. (SB 415)

- ! authorize an increase in the bonded indebtedness limitation for Franklin County from 3 to 30 percent of the assessed value of all tangible taxable property in the county. (HB 2896)
- ! require the suspension or revocation of vehicle dealers' licenses when such dealers are delinquent in sales or withholding taxes for three consecutive months. (HB 2648)
- ! provide that the property tax exemption for household goods and personal effects would be extended to such items used in the home for "bed and breakfast home purposes" as defined in KSA 79-1439. (HB 2921)
- ! amend KSA 79-1439 to clarify that residential real property used for bed and breakfast home purposes would be eligible for the 11.5 assessment rate applicable to other residential property. A bed and breakfast home would be defined to include residences with five or fewer bedrooms available for overnight guests who stay for not more than 28 consecutive days and for which there is compliance with all zoning and other ordinances or laws pertaining to facilities which lodge and feed guests. (HB 2921)
- ! increase the mineral severance tax minimum production exemption renewal period from one year to two years on oil wells and oil production leases. The bill also adds the definition of "lease number", *i.e.*, the number assigned by the director of taxation to identify each well, lease, or combination of wells within a lease. (HB 2609)
- ! amend an exemption relating to not-for-profit cooperative housing projects approved by the US Department of Housing and Urban Development (HUD). Under the new language, projects obtaining financing from entities other than HUD would be able to retain their property tax exemption, provided that the articles of incorporation or by-laws are amended to require that the corporations will continue to operate in compliance with certain HUD affordability income guidelines. (SB 521).

### **Conference Committee Action**

The original bill dealt with employment security law. Following the replacement of conferees in early May, the conference committee

agreed to strike all of the bill's original provisions and add all other provisions hereinbefore described.

### **Background**

The Conference Committee Report would not be expected to have a significant or measurable impact on State General Fund receipts.