

REPORTS OF STANDING COMMITTEES

MR. SPEAKER:

The Committee on **Taxation** recommends **HB 2406** be amended on page 2, in line 5, by striking all after "(1)"; by striking all in lines 6 through 8; in line 9, by striking "(2)";

And by redesignating subsections, paragraphs, subparagraphs and clauses accordingly;

Also on page 2, following line 26, by inserting:

"Sec. 2. K.S.A. 2025 Supp. 79-224 is hereby amended to read as follows: 79-224. (a) It is the purpose of this section to promote, stimulate, foster and encourage new investments in telecommunications machinery and equipment and railroad machinery and equipment in the state of Kansas,~~to~~ recognize the dramatic changes within the telecommunications industry,~~to~~ contribute to the economic recovery of the state,~~to~~ enhance business opportunities in the state,~~to~~ encourage the location of new businesses and industries in the state as well as the retention and expansion of existing businesses and industries and~~to~~ promote the economic stability of the state by maintaining and providing employment opportunities, thereby contributing to the general welfare of the citizens of the state, by exempting from property taxation certain newly purchased or leased telecommunications machinery and equipment and railroad machinery and equipment, including all such machinery and equipment transferred into this state for the purpose of expanding an existing business or for the creation of a new business.

(b) The following described property, to the extent specified by this section, shall be and is hereby exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

First. Telecommunications machinery and equipment and railroad machinery and

equipment acquired by qualified purchase or lease ~~made or entered into after June 30, 2006~~, as the result of a bona fide transaction not consummated for the purpose of avoiding taxation.

Second. Telecommunications machinery and equipment and railroad machinery and equipment transported into this state ~~after June 30, 2006~~, for the purpose of expanding an existing business or creation of a new business.

(c) As used in this section:

(1) ~~"Acquired" shall not include the transfer of property pursuant to an exchange for stock securities, or the transfer of assets from one going concern to another due to a merger, reorganization or other consolidation;~~

~~(2)~~—"Qualified lease" means a lease of telecommunications machinery and equipment or railroad machinery and equipment for not less than 30 days for fair and valuable consideration where such machinery and equipment is physically transferred to the lessee to be used in the lessee's business or trade;

~~(3)~~(2) "qualified purchase" means a purchase of telecommunications machinery and equipment or railroad machinery and equipment for fair and valuable consideration where such machinery and equipment is physically transferred to the purchaser to be used in the purchaser's business or trade;

~~(4)~~(3) "railroad machinery and equipment" means railroad machinery and equipment classified for property tax purposes within subclass (3) of class 2 of section 1 of article 11 of the constitution of the state of Kansas; and

~~(5)~~(4) "telecommunications machinery and equipment" means network administrative assets; central office equipment; information, station and customer equipment; and outside plant equipment of a telecommunication company. "Telecommunications machinery and equipment" includes machinery and equipment placed in inventory or work-in-progress.

(d) The secretary of revenue is hereby authorized to adopt rules and regulations to administer the provisions of this section.";

Also on page 2, in line 27, by striking "is" and inserting "and K.S.A. 2025 Supp. 79-224 are";

And by renumbering sections accordingly;

On page 1, in the title, in line 2, after "for" by inserting "telecommunication, railroad,"; in line 5, after "and" by inserting "K.S.A. 2025 Supp. 79-224 and"; also in line 5, by striking "section" and inserting "sections"; and the bill be passed as amended.

Chairperson