

As Amended by House Committee

Session of 2025

HOUSE BILL No. 2406

By Committee on Taxation

Requested by Representative A. Smith

3-11

1 AN ACT concerning property taxation; relating to exemptions; providing  
2 tax exemption eligibility for **telecommunication, railroad,**  
3 commercial and industrial machinery and equipment that is currently  
4 ineligible for tax exemption due to such property being acquired or  
5 transported into this state on or before June 30, 2006; amending K.S.A.  
6 79-223 and **K.S.A. 2025 Supp. 79-224** and repealing the existing  
7 ~~section sections.~~

8  
9 *Be it enacted by the Legislature of the State of Kansas:*

10 Section 1. K.S.A. 79-223 is hereby amended to read as follows: 79-  
11 223. (a) It is the purpose of this section to promote, stimulate, foster and  
12 encourage new investments in commercial and industrial machinery and  
13 equipment in the state of Kansas, ~~to~~ contribute to the economic recovery of  
14 the state, ~~to~~ enhance business opportunities in the state, ~~to~~ encourage the  
15 location of new businesses and industries in the state as well as the  
16 retention and expansion of existing businesses and industries and ~~to~~  
17 promote the economic stability of the state by maintaining and providing  
18 employment opportunities, thereby contributing to the general welfare of  
19 the citizens of the state, by exempting from property taxation all newly  
20 purchased or leased commercial and industrial machinery and equipment,  
21 including machinery and equipment transferred into this state for the  
22 purpose of expanding an existing business or for the creation of a new  
23 business.

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

27 *First.* Commercial and industrial machinery and equipment acquired by  
28 qualified purchase or lease ~~made or entered into after June 30, 2006,~~ as the  
29 result of a bona fide transaction not consummated for the purpose of  
30 avoiding taxation.

31 *Second.* Commercial and industrial machinery and equipment  
32 transported into this state ~~after June 30, 2006,~~ for the purpose of expanding  
33 an existing business or creation of a new business.

34 (c) Any purchase, lease or transportation of commercial and industrial  
35 machinery and equipment consummated for the purpose of avoiding

1 taxation shall subject the property to the penalty provisions of K.S.A. 79-  
2 1422 and 79-1427a, and amendments thereto. The county appraiser shall  
3 not reclassify any property that is properly classified for property tax  
4 purposes within subclass (5) of class 2 of section 1 of article 11 of the  
5 constitution of the state of Kansas.

6 (d) As used in this section:

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

11 (2)—"Commercial and industrial machinery and equipment" means  
12 property classified for property tax purposes within subclass (5) of class 2  
13 of section 1 of article 11 of the constitution of the state of Kansas, ~~but~~  
14 ~~shall.~~ "Commercial and industrial machinery and equipment" does not  
15 include any electric generation facility or addition to an electric generation  
16 facility that is used ~~predominately~~ *predominantly* to produce and generate  
17 electricity utilizing renewable energy resources or technologies as defined  
18 in K.S.A. 79-201, and amendments thereto;

19 (3)(2) "qualified lease" means a lease of commercial and industrial  
20 machinery and equipment for not less than 30 days for fair and valuable  
21 consideration where such machinery and equipment is physically  
22 transferred to the lessee to be used in the lessee's business or trade; and

23 (4)(3) "qualified purchase" means a purchase of commercial and  
24 industrial machinery and equipment for fair and valuable consideration  
25 where such machinery and equipment is physically transferred to the  
26 purchaser to be used in the purchaser's business or trade.

27 (e) The secretary of revenue is hereby authorized to adopt rules and  
28 regulations to administer the provisions of this section.

29 **Sec. 2. K.S.A. 2025 Supp. 79-224 is hereby amended to read as**  
30 **follows: 79-224. (a) It is the purpose of this section to promote,**  
31 **stimulate, foster and encourage new investments in**  
32 **telecommunications machinery and equipment and railroad**  
33 **machinery and equipment in the state of Kansas, ~~to~~ recognize the**  
34 **dramatic changes within the telecommunications industry, ~~to~~**  
35 **contribute to the economic recovery of the state, ~~to~~ enhance business**  
36 **opportunities in the state, ~~to~~ encourage the location of new businesses**  
37 **and industries in the state as well as the retention and expansion of**  
38 **existing businesses and industries and ~~to~~ promote the economic**  
39 **stability of the state by maintaining and providing employment**  
40 **opportunities, thereby contributing to the general welfare of the**  
41 **citizens of the state, by exempting from property taxation certain**  
42 **newly purchased or leased telecommunications machinery and**  
43 **equipment and railroad machinery and equipment, including all such**

1 machinery and equipment transferred into this state for the purpose  
2 of expanding an existing business or for the creation of a new business.

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

6 *First.* Telecommunications machinery and equipment and railroad  
7 machinery and equipment acquired by qualified purchase or lease  
8 made or entered into after June 30, 2006, as the result of a bona fide  
9 transaction not consummated for the purpose of avoiding taxation.

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

14 (c) As used in this section:

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

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

23 (3)(2) "qualified purchase" means a purchase of  
24 telecommunications machinery and equipment or railroad machinery  
25 and equipment for fair and valuable consideration where such  
26 machinery and equipment is physically transferred to the purchaser to  
27 be used in the purchaser's business or trade;

28 (4)(3) "railroad machinery and equipment" means railroad  
29 machinery and equipment classified for property tax purposes within  
30 subclass (3) of class 2 of section 1 of article 11 of the constitution of the  
31 state of Kansas; and

32 (5)(4) "telecommunications machinery and equipment" means  
33 network administrative assets; central office equipment; information,  
34 station and customer equipment; and outside plant equipment of a  
35 telecommunication company. "Telecommunications machinery and  
36 equipment" includes machinery and equipment placed in inventory or  
37 work-in-progress.

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

40 Sec. 2. 3. K.S.A. 79-223 is and K.S.A. 2025 Supp. 79-224 are  
41 hereby repealed.

42 Sec. 3. 4. This act shall take effect and be in force from and after its  
43 publication in the statute book.