

## HOUSE BILL No. 2440

By Committee on Taxation

Requested by Representative A. Smith on behalf of the Kansas County Appraiser  
Association Oil and Gas Committee

1-14

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1 AN ACT concerning property taxation; relating to exemptions; excluding  
2 owners of oil leases from having to file request for exemption with the  
3 board of tax appeals; amending K.S.A. 2025 Supp. 79-213 and  
4 repealing the existing section.  
5

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

7 Section 1. K.S.A. 2025 Supp. 79-213 is hereby amended to read as  
8 follows: 79-213. (a) Any property owner requesting an exemption from the  
9 payment of ad valorem property taxes assessed, or to be assessed, against  
10 their property shall be required to file an initial request for exemption, on  
11 forms approved by the state board of tax appeals and provided by the  
12 county appraiser.

13 (b) The initial exemption request shall identify the property for which  
14 the exemption is requested and state, in detail, the legal and factual basis  
15 for the exemption claimed.

16 (c) The request for exemption shall be filed with the county appraiser  
17 of the county where such property is principally located.

18 (d) After a review of the exemption request, and after a preliminary  
19 examination of the facts as alleged, the county appraiser shall recommend  
20 that the exemption request either be granted or denied, and, if necessary,  
21 that a hearing be held. If a denial is recommended, a statement of the  
22 controlling facts and law relied upon shall be included on the form.

23 (e) The county appraiser, after making such written recommendation,  
24 shall file the request for exemption and the recommendations of the county  
25 appraiser with the state board of tax appeals. With regard to a request for  
26 exemption from property tax pursuant to the provisions of K.S.A. 79-201g  
27 and 82a-409, and amendments thereto, not filed with the board of tax  
28 appeals by the county appraiser on or before ~~the effective date of this act~~  
29 *July 1, 2014*, if the county appraiser recommends the exemption request be  
30 granted, the exemption shall be provided in the amount recommended by  
31 the county appraiser and the county appraiser shall not file the request for  
32 exemption and recommendations of the county appraiser with the state  
33 board of tax appeals. The county clerk or county assessor shall annually  
34 make such adjustment in the taxes levied against the real property as the

1 owner may be entitled to receive under the provisions of K.S.A. 79-201g,  
2 and amendments thereto, as recommended by the county appraiser,  
3 beginning with the first period, following the date of issue of the certificate  
4 of completion on which taxes are regularly levied, and during the years  
5 which the landowner is entitled to such adjustment.

6 (f) Upon receipt of the request for exemption, the board shall docket  
7 the ~~same~~ *request for exemption* and notify the applicant and the county  
8 appraiser of such fact.

9 (g) After examination of the request for exemption and the county  
10 appraiser's recommendation related thereto, the board may fix a time and  
11 place for hearing, and shall notify the applicant and the county appraiser of  
12 the time and place so fixed. A request for exemption pursuant to: (1)  
13 Section 13 of article 11 of the constitution of the state of Kansas; or (2)  
14 K.S.A. 79-201a *Second*, and amendments thereto, for property constructed  
15 or purchased, in whole or in part, with the proceeds of revenue bonds  
16 under the authority of K.S.A. 12-1740 through 12-1749, and amendments  
17 thereto, prepared in accordance with instructions and assistance which  
18 shall be provided by the department of commerce, shall be deemed  
19 approved unless scheduled for hearing within 30 days after the date of  
20 receipt of all required information and data relating to the request for  
21 exemption, and such hearing shall be conducted within 90 days after such  
22 date. Such time periods shall be determined without regard to any  
23 extension or continuance allowed to either party to such request. In any  
24 case where a party to such request for exemption requests a hearing  
25 thereon, the same shall be granted. Hearings shall be conducted in  
26 accordance with the provisions of the Kansas administrative procedure act.  
27 In all instances where the board sets a request for exemption for hearing,  
28 the county shall be represented by its county attorney or county counselor.

29 (h) Except as otherwise provided by subsection (g), in the event of a  
30 hearing, the ~~same~~ *hearing* shall be originally set not later than 90 days  
31 after the filing of the request for exemption with the board.

32 (i) During the pendency of a request for exemption, no person, firm,  
33 unincorporated association, company or corporation charged with real  
34 estate or personal property taxes pursuant to K.S.A. 79-2004 and 79-  
35 2004a, and amendments thereto, on the tax books in the hands of the  
36 county treasurer shall be required to pay the tax from the date the request  
37 is filed with the county appraiser until the expiration of 30 days after the  
38 board issued its order thereon and the same becomes a final order. In the  
39 event that taxes have been assessed against the subject property, no interest  
40 shall accrue on any unpaid tax for the year or years in question nor shall  
41 the unpaid tax be considered delinquent from the date the request is filed  
42 with the county appraiser until the expiration of 30 days after the board  
43 issued its order thereon. In the event the board determines an application

1 for exemption is without merit and filed in bad faith to delay the due date  
2 of the tax, the tax shall be considered delinquent as of the date the tax  
3 would have been due pursuant to K.S.A. 79-2004 and 79-2004a, and  
4 amendments thereto, and interest shall accrue as prescribed therein.

5 (j) In the event the board grants the initial request for exemption, the  
6 ~~same request for exemption~~ shall be effective beginning with the date of  
7 first exempt use except that, with respect to property the construction of  
8 which commenced not to exceed 24 months prior to the date of first  
9 exempt use, the same shall be effective beginning with the date of  
10 commencement of construction.

11 (k) In conjunction with its authority to grant exemptions, the board  
12 shall have the authority to abate all unpaid taxes that have accrued from  
13 and since the effective date of the exemption. In the event that taxes have  
14 been paid during the period where the subject property has been  
15 determined to be exempt, the board shall have the authority to order a  
16 refund of taxes for the year immediately preceding the year in which the  
17 exemption application is filed in accordance with subsection (a).

18 (l) The provisions of this section shall not apply to: (1) Farm  
19 machinery and equipment exempted from ad valorem taxation by K.S.A.  
20 79-201j, and amendments thereto; (2) personal property exempted from ad  
21 valorem taxation by K.S.A. 79-215, and amendments thereto; (3) wearing  
22 apparel, household goods and personal effects exempted from ad valorem  
23 taxation by K.S.A. 79-201c, and amendments thereto; (4) livestock; (5) all  
24 property exempted from ad valorem taxation by K.S.A. 79-201d, and  
25 amendments thereto; (6) merchants' and manufacturers' inventories  
26 exempted from ad valorem taxation by K.S.A. 79-201m, and amendments  
27 thereto; (7) grain exempted from ad valorem taxation by K.S.A. 79-201n,  
28 and amendments thereto; (8) property exempted from ad valorem taxation  
29 by K.S.A. 79-201a *Seventeenth*, and amendments thereto, including all  
30 property previously acquired by the secretary of transportation or a  
31 predecessor in interest, which is used in the administration, construction,  
32 maintenance or operation of the state system of highways. The secretary of  
33 transportation shall at the time of acquisition of property notify the county  
34 appraiser in the county in which the property is located that the acquisition  
35 occurred and provide a legal description of the property acquired; (9)  
36 property exempted from ad valorem taxation by K.S.A. 79-201a *Ninth*,  
37 and amendments thereto, including all property previously acquired by the  
38 Kansas turnpike authority which is used in the administration,  
39 construction, maintenance or operation of the Kansas turnpike. The Kansas  
40 turnpike authority shall at the time of acquisition of property notify the  
41 county appraiser in the county in which the property is located that the  
42 acquisition occurred and provide a legal description of the property  
43 acquired; (10) aquaculture machinery and equipment exempted from ad

1   valorem taxation by K.S.A. 79-201j, and amendments thereto. As used in  
2   this section, "aquaculture" has the same meaning ascribed thereto by  
3   K.S.A. 47-1901, and amendments thereto; (11) Christmas tree machinery  
4   and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and  
5   amendments thereto; (12) property used exclusively by the state or any  
6   municipality or political subdivision of the state for right-of-way purposes.  
7   The state agency or the governing body of the municipality or political  
8   subdivision shall at the time of acquisition of property for right-of-way  
9   purposes notify the county appraiser in the county in which the property is  
10   located that the acquisition occurred and provide a legal description of the  
11   property acquired; (13) machinery, equipment, materials and supplies  
12   exempted from ad valorem taxation by K.S.A. 79-201w, and amendments  
13   thereto; (14) vehicles owned by the state or by any political or taxing  
14   subdivision thereof and used exclusively for governmental purposes; (15)  
15   property used for residential purposes which is exempted pursuant to  
16   K.S.A. 79-201x, and amendments thereto, from the property tax levied  
17   pursuant to K.S.A. 72-5142, and amendments thereto; (16) from and after  
18   July 1, 1998, vehicles which are owned by an organization having as one  
19   of its purposes the assistance by the provision of transit services to the  
20   elderly and to disabled persons and which are exempted pursuant to  
21   K.S.A. 79-201 *Ninth*, and amendments thereto; (17) from and after July 1,  
22   1998, motor vehicles exempted from taxation by K.S.A. 79-5107(e), and  
23   amendments thereto; (18) commercial and industrial machinery and  
24   equipment exempted from property or ad valorem taxation by K.S.A. 79-  
25   223, and amendments thereto; (19) telecommunications machinery and  
26   equipment and railroad machinery and equipment exempted from property  
27   or ad valorem taxation by K.S.A. 79-224, and amendments thereto; (20)  
28   property exempted from property or ad valorem taxation by K.S.A. 79-  
29   234, and amendments thereto; (21) recreational vehicles exempted from  
30   property or ad valorem taxation by K.S.A. 79-5121(e), and amendments  
31   thereto; (22) property acquired by a land bank exempt from property or ad  
32   valorem taxation pursuant to K.S.A. 12-5909 or K.S.A. 19-26,111, and  
33   amendments thereto; (23) property belonging exclusively to the United  
34   States and exempted from ad valorem taxation by K.S.A. 79-201a *First*,  
35   and amendments thereto, except that the provisions of this subsection (l)  
36   (23) shall not apply to any such property that the congress of the United  
37   States has expressly declared to be subject to state and local taxation; (24)  
38   watercraft exempted from property or ad valorem taxation by K.S.A. 79-  
39   5501, and amendments thereto; ~~and~~ (25) property exempted from property  
40   or ad valorem taxation by K.S.A. 2025 Supp. 79-267, and amendments  
41   thereto; *and* (26) *oil leases exempted from property or ad valorem taxation*  
42   *by K.S.A. 79-201t, and amendments thereto.*

43       (m) The provisions of this section shall apply to property exempt

1 pursuant to the provisions of section 13 of article 11 of the constitution of  
2 the state of Kansas.

3 (n) The provisions of subsection (k) as amended by this act shall be  
4 applicable to all exemption applications filed in accordance with  
5 subsection (a) after December 31, 2001.

6 (o) No exemption authorized by K.S.A. 79-227, and amendments  
7 thereto, of property from the payment of ad valorem property taxes  
8 assessed shall be granted unless the requesting property owner files an  
9 initial request for exemption pursuant to this section within two years of  
10 the date in which construction of a new qualifying pipeline property  
11 began. The provisions of this subsection shall be applicable to all requests  
12 for exemptions filed in accordance with subsection (a) after June 30, 2017.

13 Sec. 2. K.S.A. 2025 Supp. 79-213 is hereby repealed.

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