

House Concurrent Resolution No. 5024

By Committee on Taxation

2-2

A PROPOSITION to amend section 1 of article 11 of the constitution of the state of Kansas; relating to property taxation; determining valuations for real property used for residential purposes.

Be it resolved by the Legislature of the State of Kansas, two-thirds of the members elected (or appointed) and qualified to the House of Representatives and two-thirds of the members elected (or appointed) and qualified to the Senate concurring therein:

Section 1. The following proposition to amend the constitution of the state of Kansas shall be submitted to the qualified electors of the state for their approval or rejection: Section 1 of article 11 of the constitution of the state of Kansas is hereby amended to read as follows:

"§ 1. System of taxation; classification; exemption. (a) The provisions of this subsection shall govern the assessment and taxation of property on and after January 1, ~~2013~~ 2027, and each year thereafter. Except as otherwise hereinafter specifically provided, the legislature shall provide for a uniform and equal basis of valuation and rate of taxation of all property subject to taxation. The legislature may provide for the classification and the taxation uniformly as to class of recreational vehicles and watercraft, as defined by the legislature, or may exempt such class from property taxation and impose taxes upon another basis in lieu thereof. The provisions of this subsection shall not be applicable to the taxation of motor vehicles, except as otherwise hereinafter specifically provided, mineral products, money, mortgages, notes and other evidence of debt and grain.

The taxable valuation of real property used for residential purposes including multi-family residential real property and real property necessary to accommodate a residential community of mobile or manufactured homes including the real property upon which such homes are located, classified for property tax purposes pursuant to subclass (1) of class 1, shall be determined based on the sales price for the year in which the property transferred ownership if the transfer was sold at fair market value or valued pursuant to law as fair market value in the year in which the transfer occurred for the current owner.

Property shall be classified into the following classes for the purpose of assessment and assessed at the percentage of value prescribed therefor:

Class 1 shall consist of real property. Real property shall be further classified into seven subclasses. Such property shall be defined by law for the purpose of subclassification and assessed uniformly as to subclass at the following percentages of value:

- (1) Real property used for residential purposes including multi-family residential real property and real property necessary to accommodate a residential community of mobile or manufactured homes including the real property upon which such homes are located.....11½%
- (2) Land devoted to agricultural use which shall be valued upon the basis of its agricultural income or agricultural productivity pursuant to section 12 of article 11 of the constitution.....30%
- (3) Vacant lots.....12%
- (4) Real property which is owned and operated by a not-for-profit organization not subject to federal income taxation pursuant to section 501 of the federal internal revenue code, and which is included in this subclass by law.....12%
- (5) Public utility real property, except railroad real property which shall be assessed at the average rate that all other commercial and industrial property is assessed.....33%
- (6) Real property used for commercial and industrial purposes and buildings and other improvements located upon land devoted to agricultural use.....25%
- (7) All other urban and rural real property not otherwise specifically subclassified.....30%

Class 2 shall consist of tangible personal property. Such tangible personal property shall be further classified into six subclasses, shall be defined by law for the purpose of subclassification and assessed uniformly as to subclass at the following percentages of value:

- (1) Mobile homes used for residential purposes.....11½%
- (2) Mineral leasehold interests except oil leasehold interests the average daily production from which is five barrels or less, and natural gas leasehold interests the average daily production from which is 100 mcf or less, which shall be assessed at 25%.....30%
- (3) Public utility tangible personal property including inventories thereof, except railroad personal property including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed.....33%
- (4) All categories of motor vehicles not defined and specifically valued

- 1 and taxed pursuant to law enacted prior to January 1, 1985.....30%
- 2 (5) Commercial and industrial machinery and equipment which, if its
- 3 economic life is seven years or more, shall be valued at its retail cost
- 4 when new less seven-year straight-line depreciation, or which, if its
- 5 economic life is less than seven years, shall be valued at its retail
- 6 cost when new less straight-line depreciation over its economic life,
- 7 except that, the value so obtained for such property, notwithstanding
- 8 its economic life and as long as such property is being used, shall
- 9 not be less than 20% of the retail cost when new of such property
- 10 25%
- 11 (6) All other tangible personal property not otherwise specifically
- 12 classified.....30%

13 (b) All property used exclusively for state, county, municipal,

14 literary, educational, scientific, religious, benevolent and charitable

15 purposes, farm machinery and equipment, merchants' and

16 manufacturers' inventories, other than public utility inventories

17 included in subclass (3) of class 2, livestock, and all household

18 goods and personal effects not used for the production of income,

19 shall be exempted from property taxation."

20 Sec. 2. The following statement shall be printed on the ballot with

21 the amendment as a whole:

22 "*Explanatory statement.* This amendment would establish the

23 taxable valuation of real property used for residential

24 purposes based on the sales price for the year in which the

25 property transferred ownership if the transfer was sold at fair

26 market value or valued pursuant to law as fair market value

27 in the year in which the transfer occurred for the current

28 owner.

29 "A vote for this proposition would establish the taxable

30 valuation of real property used for residential purposes

31 including multi-family residential real property and real

32 property necessary to accommodate a residential community

33 of mobile or manufactured homes including the real property

34 upon which such homes are located, classified for property

35 tax purposes pursuant to subclass (1) of class 1, based on the

36 sales price for the year in which the property transferred

37 ownership if the transfer was sold at fair market value or

38 valued pursuant to law as fair market value in the year in

39 which the transfer occurred for the current owner.

40 "A vote against this proposition would provide no change to the

41 Kansas constitution."

42 Sec. 3. This resolution, if approved by two-thirds of the members

43 elected (or appointed) and qualified to the House of Representatives and

1 two-thirds of the members elected (or appointed) and qualified to the
2 Senate, shall be entered on the journals, together with the yeas and nays.
3 The secretary of state shall cause this resolution to be published as
4 provided by law and shall cause the proposed amendment to be submitted
5 to the electors of the state at the general election in November in the year
6 2026, unless a special election is called at a sooner date by concurrent
7 resolution of the legislature, in which case the proposed amendment shall
8 be submitted to the electors of the state at the special election.