

## SENATE BILL No. 320

By Committee on Assessment and Taxation

1-14

1 AN ACT concerning property taxation; relating to exemptions; expanding  
2 exemption eligibility to include commercial and industrial machinery  
3 and equipment that was acquired or transported into this state on or  
4 before June 30, 2006; amending K.S.A. 79-223 and repealing the  
5 existing section.

6

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

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

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

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

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

32 *Third. For all taxable years commencing after December 31, 2025,  
33 commercial and industrial machinery and equipment acquired by qualified  
34 purchase or lease made or entered into on or before June 30, 2006, as the  
35 result of a bona fide transaction not consummated for the purpose of  
36 avoiding taxation.*

1       *Fourth. For all taxable years commencing after December 31, 2025,*  
2       *commercial and industrial machinery and equipment transported into this*  
3       *state on or before June 30, 2006, for the purpose of expanding an existing*  
4       *business or creation of a new business.*

5       (c) Any purchase, lease or transportation of commercial and industrial  
6       machinery and equipment consummated for the purpose of avoiding  
7       taxation shall subject the property to the penalty provisions of K.S.A. 79-  
8       1422 and 79-1427a, and amendments thereto. The county appraiser shall  
9       not reclassify any property that is properly classified for property tax  
10      purposes within subclass (5) of class 2 of section 1 of article 11 of the  
11      constitution of the state of Kansas.

12       (d) As used in this section:

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

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

24       (3) "qualified lease" means a lease of commercial and industrial  
25      machinery and equipment for not less than 30 days for fair and valuable  
26      consideration—*where if* such machinery and equipment is physically  
27      transferred to the lessee to be used in the lessee's business or trade; and

28       (4) "qualified purchase" means a purchase of commercial and  
29      industrial machinery and equipment for fair and valuable consideration  
30      *where if* such machinery and equipment is physically transferred to the  
31      purchaser to be used in the purchaser's business or trade.

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

34       Sec. 2. K.S.A. 79-223 is hereby repealed.

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