

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.