

## HOUSE BILL No. 2719

By Committee on Taxation

2-23

---

1 AN ACT concerning property taxation; relating to exemptions; providing  
2 for exemption of telecommunications machinery and equipment;  
3 including inventory and work-in-progress machinery and equipment in  
4 such exemption; amending K.S.A. 79-224 and repealing the existing  
5 section.  
6

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

8 Section 1. K.S.A. 79-224 is hereby amended to read as follows: 79-  
9 224. (a) It is the purpose of this section to promote, stimulate, foster and  
10 encourage new investments in telecommunications machinery and  
11 equipment and railroad machinery and equipment in the state of Kansas, to  
12 recognize the dramatic changes within the telecommunications industry, to  
13 contribute to the economic recovery of the state, to enhance business  
14 opportunities in the state, to encourage the location of new businesses and  
15 industries in the state as well as the retention and expansion of existing  
16 businesses and industries and to promote the economic stability of the state  
17 by maintaining and providing employment opportunities, thereby  
18 contributing to the general welfare of the citizens of the state, by  
19 exempting from property taxation certain newly purchased or leased  
20 telecommunications machinery and equipment and railroad machinery and  
21 equipment, including all such machinery and equipment transferred into  
22 this state for the purpose of expanding an existing business or for the  
23 creation of a new 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.* Telecommunications machinery and equipment and railroad  
28 machinery and equipment acquired by qualified purchase or lease made or  
29 entered into after June 30, 2006, as the result of a bona fide transaction not  
30 consummated for the purpose of avoiding taxation.

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

35 (c) As used in this section:

36 (1) "Acquired" shall not include the transfer of property pursuant to

1 an exchange for stock securities, or the transfer of assets from one going  
2 concern to another due to a merger, reorganization or other consolidation;

3 (2) "qualified lease" means a lease of telecommunications machinery  
4 and equipment or railroad machinery and equipment for not less than 30  
5 days for fair and valuable consideration where such machinery and  
6 equipment is physically transferred to the lessee to be used in the lessee's  
7 business or trade;

8 (3) "qualified purchase" means a purchase of telecommunications  
9 machinery and equipment or railroad machinery and equipment for fair  
10 and valuable consideration where such machinery and equipment is  
11 physically transferred to the purchaser to be used in the purchaser's  
12 business or trade;

13 (4) "railroad machinery and equipment" means railroad machinery  
14 and equipment classified for property tax purposes within subclass (3) of  
15 class 2 of section 1 of article 11 of the constitution of the state of Kansas;  
16 and

17 (5) "telecommunications machinery and equipment" means network  
18 administrative assets; central office equipment; information, station and  
19 customer equipment; and outside plant equipment of a telecommunication  
20 company. *"Telecommunications machinery and equipment" includes*  
21 *machinery and equipment placed in inventory or work-in-progress.*

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

24 Sec. 2. K.S.A. 79-224 is hereby repealed.

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