As Amended by House Committee

Session of 2014

HOUSE BILL No. 2648

By Committee on Commerce, Labor and Economic Development

2-12

AN ACT concerning property tax exemptions; amending K.S.A. 2013 Supp. 79-201a and repealing the existing section.

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

Section 1. K.S.A. 2013 Supp. 79-201a is hereby amended to read as follows: 79-201a. The following described property, to the extent herein specified, shall be exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

First. All property belonging exclusively to the United States, except property which congress has expressly declared to be subject to state and local taxation.

Second. All property used exclusively by the state or any municipality or political subdivision of the state. All property owned, being acquired pursuant to a lease-purchase agreement or operated by the state or any municipality or political subdivision of the state, including property which is vacant or lying dormant, which is used or is to be used for any governmental or proprietary function and for which bonds may be issued or taxes levied to finance the same, shall be considered to be used exclusively by the state, municipality or political subdivision for the purposes of this section. The lease by a municipality or political subdivision of the state of any real property owned or being acquired pursuant to a lease-purchase agreement for the purpose of providing office space necessary for the performance of medical services by a person licensed to practice medicine and surgery or osteopathic medicine by the board of healing arts pursuant to K.S.A. 65-2801 et seq., and amendments thereto, dentistry services by a person licensed by the Kansas dental board pursuant to K.S.A. 65-1401 et seq., and amendments thereto, optometry services by a person licensed by the board of examiners in optometry pursuant to K.S.A. 65-1501 et seq., and amendments thereto, or K.S.A. 74-1501 et seq., and amendments thereto, podiatry services by a person licensed by the board of healing arts pursuant to K.S.A. 65-2001 et seq., and amendments thereto, or the practice of psychology by a person licensed by the behavioral sciences regulatory board pursuant to K.S.A. 74-5301 et seq., and amendments thereto, shall be construed to be a governmental function, and such property actually and regularly used for such purpose shall be deemed to be used exclusively for the purposes of
this paragraph. The lease by a municipality or political subdivision of the
state of any real property, or portion thereof, owned or being acquired
pursuant to a lease-purchase agreement to any entity for the exclusive use
by it for an exempt purpose, including the purpose of displaying or
exhibiting personal property by a museum or historical society, if no
portion of the lease payments include compensation for return on the
investment in such leased property shall be deemed to be used exclusively
for the purposes of this paragraph. All property leased, other than motor
vehicles leased for a period of at least one year and property being
acquired pursuant to a lease-purchase agreement, to the state or any
municipality or political subdivision of the state by any private entity shall
not be considered to be used exclusively by the state or any municipality
or political subdivision of the state for the purposes of this section except
that the provisions of this sentence shall not apply to any such property
subject to lease on the effective date of this act until the term of such lease
expires but property taxes levied upon any such property prior to tax year
1989, shall not be abated or refunded. Any property constructed or
purchased with the proceeds of industrial revenue bonds issued prior to
July 1, 1963, as authorized by K.S.A. 12-1740 through 12-1749, and
amendments thereto, or purchased with proceeds of improvement district
bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-2776, and
amendments thereto, or with proceeds of bonds issued prior to July 1,
1963, as authorized by K.S.A. 19-3815a and 19-3815b, and amendments
thereto, or any property improved, purchased, constructed, reconstructed
or repaired with the proceeds of revenue bonds issued prior to July 1,
1963, as authorized by K.S.A. 13-1238 to 13-1245, inclusive, and
amendments thereto, or any property improved, reimpred, reconstructed
or repaired with the proceeds of revenue bonds issued after July 1, 1963,
under the authority of K.S.A. 13-1238 to 13-1245, inclusive, and
amendments thereto, which had previously been improved, reconstructed
or repaired with the proceeds of revenue bonds issued under such act on or
before July 1, 1963, shall be exempt from taxation for so long as any of the
revenue bonds issued to finance such construction, reconstruction,
improvement, repair or purchase shall be outstanding and unpaid. Any
property constructed or purchased with the proceeds of any revenue bonds
authorized by K.S.A. 13-1238 to 13-1245, inclusive, and amendments
thereto, 19-2776, 19-3815a and 19-3815b, and amendments thereto, issued
on or after July 1, 1963, shall be exempt from taxation only for a period of
10 calendar years after the calendar year in which the bonds were issued.
Any property, all or any portion of which is constructed or purchased with
the proceeds of revenue bonds authorized by K.S.A. 12-1740 to 12-1749,
inclusive, and amendments thereto, issued on or after July 1, 1963 and
prior to July 1, 1981, shall be exempt from taxation only for a period of 10
calendar years after the calendar year in which the bonds were issued. Except as hereinafter provided, any property constructed or purchased wholly with the proceeds of revenue bonds issued on or after July 1, 1981, under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Except as hereinafter provided, any property constructed or purchased in part with the proceeds of revenue bonds issued on or after July 1, 1981, under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, shall be exempt from taxation to the extent of the value of that portion of the property financed by the revenue bonds and only for a period of 10 calendar years after the calendar year in which the bonds were issued. The exemption of that portion of the property constructed or purchased with the proceeds of revenue bonds shall terminate upon the failure to pay all taxes levied on that portion of the property which is not exempt and the entire property shall be subject to sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments thereto. Property constructed or purchased in whole or in part with the proceeds of revenue bonds issued on or after January 1, 1995, under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, and used in any retail enterprise identified under NAICS sectors 44 and 45, except facilities used exclusively to house the headquarters or back office operations of such retail enterprises identified thereunder, shall not be exempt from taxation. For the purposes of the preceding provision "NAICS" means the North American industry classification system, as developed under the authority of the office of management and budget of the office of the president of the United States. "Headquarters or back office operations" means a facility from which the enterprise is provided direction, management, administrative services, or distribution or warehousing functions in support of transactions made by the enterprise. Property purchased, constructed, reconstructed, equipped, maintained or repaired with the proceeds of industrial revenue bonds issued under the authority of K.S.A. 12-1740 et seq., and amendments thereto, which is located in a redevelopment project area established under the authority of K.S.A. 12-1770 et seq., and amendments thereto, shall not be exempt from taxation. Property purchased, acquired, constructed, reconstructed, improved, equipped, furnished, repaired, enlarged or remodeled with all or any part of the proceeds of revenue bonds issued under authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, for any poultry confinement facility on agricultural land which is owned, acquired, obtained or leased by a corporation, as such terms are defined by K.S.A. 17-5903, and amendments thereto, shall not be exempt from such taxation. Property purchased, acquired, constructed, reconstructed, improved,
equipped, furnished, repaired, enlarged or remodeled with all or any part of the proceeds of revenue bonds issued under the authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, for a rabbit confinement facility on agricultural land which is owned, acquired, obtained or leased by a corporation, as such terms are defined by K.S.A. 17-5903, and amendments thereto, shall not be exempt from such taxation.

Third. All works, machinery and fixtures used exclusively by any rural water district or township water district for conveying or production of potable water in such rural water district or township water district, and all works, machinery and fixtures used exclusively by any entity which performed the functions of a rural water district on and after January 1, 1990, and the works, machinery and equipment of which were exempted hereunder on March 13, 1995.

Fourth. All fire engines and other implements used for the extinguishment of fires, with the buildings used exclusively for the safekeeping thereof, and for the meeting of fire companies, whether belonging to any rural fire district, township fire district, town, city or village, or to any fire company organized therein or therefor.

Fifth. All property, real and personal, owned by county fair associations organized and operating under the provisions of K.S.A. 2-125 et seq., and amendments thereto.

Sixth. Property acquired and held by any municipality under the municipal housing law, K.S.A. 17-2337 et seq., and amendments thereto, except that such exemption shall not apply to any portion of the project used by a nondwelling facility for profit making enterprise.

Seventh. All property of a municipality, acquired or held under and for the purposes of the urban renewal law, K.S.A. 17-4742 et seq., and amendments thereto, except that such tax exemption shall terminate when the municipality sells, leases or otherwise disposes of such property in an urban renewal area to a purchaser or lessee which is not a public body entitled to tax exemption with respect to such property.

Eighth. All property acquired and held by the Kansas armory board for armory purposes under the provisions of K.S.A. 48-317, and amendments thereto.

Ninth. All property acquired and used by the Kansas turnpike authority under the authority of K.S.A. 68-2001 et seq., and amendments thereto, K.S.A. 68-2030 et seq., and amendments thereto, K.S.A. 68-2051 et seq., and amendments thereto, and K.S.A. 68-2070 et seq., and amendments thereto.

Tenth. All property acquired and used for state park purposes by the Kansas department of wildlife, parks and tourism.

Eleventh. The state office building constructed under authority of K.S.A. 75-3607 et seq., and amendments thereto, and the site upon which
such building is located.

Twelfth. All buildings erected under the authority of K.S.A. 76-6a01 et seq., and amendments thereto, and all other student union buildings and student dormitories erected upon the campus of any institution mentioned in K.S.A. 76-6a01, and amendments thereto, by any other nonprofit corporation.

Thirteenth. All buildings, as the same is defined in subsection (c) of K.S.A. 76-6a13, and amendments thereto, which are erected, constructed or acquired under the authority of K.S.A. 76-6a13 et seq., and amendments thereto, and building sites acquired therefor.

Fourteenth. All that portion of the waterworks plant and system of the city of Kansas City, Missouri, now or hereafter located within the territory of the state of Kansas pursuant to the compact and agreement adopted by K.S.A. 79-205, and amendments thereto.

Fifteenth. All property, real and personal, owned by a groundwater management district organized and operating pursuant to K.S.A. 82a-1020, and amendments thereto.

Sixteenth. All property, real and personal, owned by the joint water district organized and operating pursuant to K.S.A. 80-1616 et seq., and amendments thereto.

Seventeenth. All property, including interests less than fee ownership, acquired for the state of Kansas by the secretary of transportation or a predecessor in interest which is used in the administration, construction, maintenance or operation of the state system of highways, regardless of how or when acquired.

Eighteenth. Any building used primarily as an industrial training center for academic or vocational education programs designed for and operated under contract with private industry, and located upon a site owned, leased or being acquired by or for an area vocational school, an area vocational-technical school, a technical college, or a community college, as defined by K.S.A. 72-4412, and amendments thereto, and the site upon which any such building is located.

Nineteenth. For all taxable years commencing after December 31, 1997, all buildings of an area vocational school, an area vocational-technical school, a technical college or a community college, as defined by K.S.A. 72-4412, and amendments thereto, which are owned and operated by any such school or college as a student union or dormitory and the site upon which any such building is located.

Twentieth. For all taxable years commencing after December 31, 1997, all personal property which is contained within a dormitory that is exempt from property taxation and which is necessary for the accommodation of the students residing therein.

Twenty-First. All real property from and after the date of its transfer by
the city of Olathe, Kansas, to the Kansas state university foundation, all
buildings and improvements thereafter erected and located on such
property, and all tangible personal property, which is held, used or
operated for educational and research purposes at the Kansas state
university Olathe innovation campus located in the city of Olathe, Kansas.

Twenty-Second. All real property, and all tangible personal property,
owned by postsecondary educational institutions, as that term is defined in
K.S.A. 74-3201b, and amendments thereto, or by the board of regents on
behalf of the postsecondary educational institutions, which is leased by a
for profit company and is actually and regularly used exclusively for
research and development purposes so long as any rental income received
by such postsecondary educational institution or the board of regents from
such a company is used exclusively for educational or scientific purposes.
Any such lease or occupancy described in this section shall be for a term
of no more than five years.

Twenty-Third. For all taxable years commencing after December 31,
2005, any and all housing developments and related improvements located
on United States department of defense military installations in the state of
Kansas, which are developed pursuant to the military housing privatization
initiative, 10 U.S.C. § 2871 et seq., or any successor thereto, and which are
provided exclusively or primarily for use by military personnel of the
United States and their families.

Twenty-Fourth. For all taxable years commencing after December 31,
2012, except as hereinafter provided, any property constructed or
purchased in part with the proceeds of revenue bonds issued on or after
July 1, 2013, under the authority of K.S.A. 12-1740 to 12-1749a,
inclusive, and amendments thereto, shall be exempt from taxation to the
extent of the value of that portion of the property financed by the revenue
bonds and only for a period of 10 calendar years after the calendar year in
which the bonds were issued. The exemption of that portion of the
property constructed or purchased with the proceeds of revenue bonds
shall terminate upon the failure to pay all taxes levied on that portion of
the property which is not exempt and the entire property shall be subject to
sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments
thereto. Property constructed or purchased in whole or in part with the
proceeds of revenue bonds issued on or after January 1, 1995, under the
authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments
thereto, and used in any retail enterprise identified under NAICS sectors
44 and 45, except facilities used exclusively to house the headquarters or
back office operations of such retail enterprises identified thereunder, shall
not be exempt from taxation. For the purposes of the preceding provision
"NAICS" means the North American industry classification system, as
developed under the authority of the office of management and budget of
the office of the president of the United States. "Headquarters or back
office operations" means a facility from which the enterprise is provided
direction, management, administrative services, or distribution or
warehousing functions in support of transactions made by the enterprise.
Property purchased, constructed, reconstructed, equipped, maintained or
repaired with the proceeds of industrial revenue bonds issued under the
authority of K.S.A. 12-1740 et seq., and amendments thereto, which is
located in a redevelopment project area established under the authority of
K.S.A. 12-1770 et seq., and amendments thereto, shall not be exempt from
taxation. Property purchased, acquired, constructed, reconstructed,
improved, equipped, furnished, repaired, enlarged or remodeled with all or
any part of the proceeds of revenue bonds issued under authority of K.S.A.
12-1740 to 12-1749a, inclusive, and amendments thereto, for any poultry
confinement facility on agricultural land which is owned, acquired,
obtained or leased by a corporation, as such terms are defined by K.S.A.
17-5903, and amendments thereto, shall not be exempt from such taxation.
Property purchased, acquired, constructed, reconstructed, improved,
equipped, furnished, repaired, enlarged or remodeled with all or any part
of the proceeds of revenue bonds issued under the authority of K.S.A. 12-
1740 to 12-1749a, inclusive, and amendments thereto, for a rabbit
confinement facility on agricultural land which is owned, acquired,
obtained or leased by a corporation, as such terms are defined by K.S.A.
17-5903, and amendments thereto, shall not be exempt from such taxation.

Twenty-Fifth. For all taxable years commencing after December 31,
2014, All land owned by a municipality that is a part of a public levee that
is leased pursuant to K.S.A. 13-1243, and amendments thereto.

Except as otherwise specifically provided, the provisions of this section
shall apply to all taxable years commencing after December 31, 2010.

Sec. 2. K.S.A. 2013 Supp. 79-201a is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its
publication in the Kansas register.