

{As Amended by Senate Committee of the Whole}

(Corrected)

{As Amended by House Committee of the Whole}

As Amended by House Committee

Session of 2014

HOUSE BILL No. 2643

By Committee on Taxation

2-12

1 AN ACT concerning property taxation; relating to the classification of
2 commercial and industrial machinery and equipment{, **definition,**
3 **classification**}; **independent appraisers; reclassification of certain**
4 **tax exempt property; {motor vehicles, members of military service**
5 **and active guard and reservists;}** *{property tax exemptions, health*
6 *clubs;}* **amending K.S.A. 2013 Supp. {12-1744a, {79-201,} 79-251,}**
7 **79-1609 {and 79-5107} and repealing the existing section-{sections}.**
8

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

10 **New Section 1.** (a) (1) The provisions of this section are intended to
11 codify the original legislative intent of the 2006 law exempting from ad
12 valorem taxation commercial and industrial machinery and equipment
13 purchased, leased or transported into the state after June 30, 2006,
14 pursuant to K.S.A. 2013 Supp. 79-223, and amendments thereto.

15 (2) As used in this section, "commercial and industrial machinery and
16 equipment" means property classified within subclass (5) of class 2 of
17 section 1 of article 11 of the constitution of the state of Kansas.

18 (b) (1) In determining the classification of property for ad valorem
19 tax purposes, the county appraiser shall conform **{to the definitions of**
20 **real and personal property in Kansas law and}** to the factors set forth in
21 the personal property guide devised or prescribed by the director of
22 property valuation pursuant to K.S.A. 75-5105a(b), and amendments
23 thereto.

24 ~~(2) Commercial and industrial machinery and equipment that is used~~
25 ~~in a manufacturing, industrial, commercial or retail process shall be~~
26 ~~considered personal property for purposes of property tax classification~~
27 ~~and valuation.~~

28 ~~(3) Where the proper classification of commercial and industrial~~
29 ~~machinery and equipment is not clearly determined by its use, as described~~
30 ~~in subsection (b)(2) {from the definitions of real and personal property~~

1 **provided in Kansas law**}, the appraiser shall use the following three part
2 **{fixture law}** test as set forth in the personal property guide prescribed by
3 the director of property valuation pursuant to K.S.A. 75-5105a(b), and
4 amendments thereto, **and shall consider the following**};

5 (A) ~~Annexation to the realty~~ **{The annexation of the machinery and**
6 **equipment to the real estate}**};

7 (B) **{the}** adaptation to the use of the part of the realty to which it is
8 attached **{and determination whether the property at issue serves the**
9 **real estate}**}; and

10 (C) the intention of the party making the annexation, **{, based on the**
11 **nature of the item affixed; the relation and situation of the party**
12 **making the annexation; the structure and mode of annexation; and**
13 **the purpose or use for which the annexation was made.**

14 (3) The basic factors for clarifying items as real or personal
15 property are their designated use and purpose. The determination of
16 whether property is real or personal must be made on a case-by-case
17 basis. All three parts of the three-part fixture test must be satisfied for
18 the item to be classified as real property}.

19 ~~New Sec. 2. For all tax years commencing after December 31,~~
20 ~~2013, property that has been constructed or purchased with the~~
21 ~~proceeds of any revenue bonds authorized by K.S.A. 12-1740 to 12-~~
22 ~~1749a, inclusive, and amendments thereto, and exempted from all~~
23 ~~property or ad valorem taxes pursuant to K.S.A. 79-201a, *Second*, and~~
24 ~~amendments thereto, which is returned to the taxable rolls of the~~
25 ~~county upon the expiration of such exemption, shall retain its~~
26 ~~classifications as real or personal as approved by the court of tax~~
27 ~~appeals at the time the exemption was granted. No such property shall~~
28 ~~be considered reclassified or reclassified after the expiration of such~~
29 ~~tax exemption period absent the approval of the court of tax appeals~~
30 ~~upon a hearing in a decision upheld upon appeal, if any, and:~~

31 ~~(a) A material physical change to such property;~~

32 ~~(b) a material change in the use of such property; or~~

33 ~~(c) a substantial change in directly applicable law.~~

34 ~~In any action taken by a county appraiser or taxpayer before the~~
35 ~~court of tax appeals to change the classification of such property, the~~
36 ~~party seeking a change in classification shall bear the burden of proof~~
37 ~~with regard to the issue of classification. The taxpayer shall be a party~~
38 ~~in any such action brought by a county appraiser. (a) After July 1,~~
39 ~~2014, the owner of any project being constructed with the proceeds of~~
40 ~~industrial revenue bonds which has been exempted from ad valorem~~
41 ~~taxation pursuant to K.S.A. 79-201a *Second*, and amendments thereto,~~
42 ~~or the owner of any property exempted from ad valorem taxation~~
43 ~~pursuant to section 13 of article 11 of the constitution of the state of~~

1 Kansas, shall within 30 days of the completion of any improvement on
2 the project, notify the county appraiser of such completion and the
3 county appraiser upon receipt of such notification shall classify such
4 improvement as real property, personal property or a combination of
5 both real and personal property within 180 days of receipt of the
6 notice, and shall notify the owner of such classification. The owner, if
7 aggrieved by the county appraiser's classification, may appeal such
8 classification to the court of tax appeals pursuant to K.S.A. 79-1409,
9 and amendments thereto. *{For property described in section 4, and*
10 *amendments thereto, the county appraiser appraising such property or*
11 *the taxpayer may request that the director of property valuation contract*
12 *with an independent appraiser pursuant to the provisions of sections 4*
13 *through 8, and amendments thereto, to determine classification of such*
14 *property.}*

15 (b) Any property ~~appraised as given in~~ *{classified in accordance*
16 *with}* subsection (a) shall not be reclassified within two years after the
17 expiration of the tax exemption period absent the approval of the
18 court of tax appeals upon a hearing in a decision upheld upon appeal,
19 if any, and:

- 20 (1) A material physical change to such property *{has occurred}*;
21 (2) a material change in the use of such property *{has occurred}*;
22 or
23 (3) a substantial change in directly applicable law *{has occurred}*.

24 (c) After the expiration of the two years, the appraiser shall
25 classify such property as required by K.S.A. 79-1459, and
26 amendments thereto.}

27 New Sec. 3. The court of tax appeals shall have the power and
28 duty to hear a petition to change the classification of property as
29 required by section 2, and amendments thereto, and may issue rules
30 and regulations to implement the provisions of sections 2 and 3, and
31 amendments thereto.

32 New Sec. 4. (a) *{Except as provided in article 5a of chapter 79 of*
33 *the Kansas statutes annotated, and amendments thereto,}* on or before
34 October 15 of the year preceding the tax year for which the property is
35 to be classified and appraised, the county appraiser or the taxpayer
36 may request that the director of property valuation contract with an
37 independent appraiser to classify and appraise natural gas and helium
38 processing facilities, ethanol facilities, crude oil refineries, fertilizer
39 manufacturing facilities, cement manufacturing facilities, and such
40 other complex industrial properties as otherwise requested by the
41 county appraiser or the taxpayer. Before making such request, the
42 county appraiser and the taxpayer shall be required to meet to discuss
43 the property at issue, including the suitability of the property to be

1 classified and appraised by an independent appraiser, as provided in
2 this section. After such meeting and upon request by the county or the
3 taxpayer, the director shall contract with an independent appraiser
4 from the list of appraisers as provided in subsection (b) to conduct
5 such determination of the property. Prior to entering into any contract
6 with an independent appraiser to classify and appraise the property at
7 issue, the director shall meet with the county appraiser to discuss the
8 costs of an independent appraisal. The county shall be responsible for
9 all reasonable and prior approved costs of the independent
10 classification and appraisal.

11 (b) The director shall maintain a list of qualified appraisers who
12 are certified real property appraisers and who have at least three
13 years of experience in the classification and appraisal of the types of
14 property described in this section.

15 (c) The final determination made by the independent appraiser
16 pursuant to this section shall be admissible before the courts of this
17 state and the Kansas court of tax appeals in any subsequent
18 classification and valuation proceedings.

19 New Sec. 5. The director of property valuation may require the
20 county appraiser and the taxpayer to submit such documentation to
21 the independent appraiser described in section 4, and amendments
22 thereto, as necessary in order to classify and appraise the property.
23 The taxpayer shall permit one or more physical inspections of the
24 property, scheduled at mutually agreeable times so as not to delay the
25 timely completion of the classification and appraisal of the property.

26 New Sec. 6. (a) The director of property valuation shall notify the
27 taxpayer and the county appraiser on or before March 1 for real
28 property and May 1 for personal property, of the classification and
29 appraised valuation of the property described in section 4, and
30 amendments thereto. Such notification shall be mailed to the county
31 appraiser and to the taxpayer at the taxpayer's last known address.

32 (b) Within 15 days of receipt of the notification required by
33 subsection (a) of this section, if the taxpayer or the county appraiser
34 has any objection to the notification as issued, the taxpayer or the
35 county appraiser shall notify the director of property valuation in
36 writing of such objection. Within 30 days of the receipt by the director
37 of such objection, the director shall hold an informal meeting with the
38 taxpayer ~~of~~ *and* the county and shall issue a final determination,
39 which shall become effective for purposes of appeal as provided in
40 K.S.A. 79-1609, and amendments thereto. Informal meetings held
41 pursuant to this section may be conducted by the director or the
42 director's designee. An ~~information~~ *informal* meeting with the
43 director or the director's designee shall be a condition precedent to an

1 appeal to the court of tax appeals.

2 New Sec. 7. Prior to January 1, 2015, the secretary of revenue
3 shall adopt rules and regulations necessary to administer the
4 provisions of sections 4 through 6, and amendments thereto.

5 Sec. 8. K.S.A. 2013 Supp. 79-1609 is hereby amended to read as
6 follows: 79-1609. Any person aggrieved by any order of the hearing
7 officer or panel, *or by the classification and appraisal of an independent*
8 *appraiser, as provided in section 6, and amendments thereto, may appeal*
9 *to the state court of tax appeals by filing a written notice of appeal, on*
10 *forms approved by the state court of tax appeals and provided by the*
11 *county clerk for such purpose, stating the grounds thereof and a*
12 *description of any comparable property or properties and the*
13 *appraisal thereof upon which they rely as evidence of inequality of the*
14 *appraisal of their property, if that be a ground of the appeal, with the*
15 *state court of tax appeals and by filing a copy thereof with the county*
16 *clerk within 30 days after the date of the order from which the appeal*
17 *is taken. A county or district appraiser may appeal to the state court of*
18 *tax appeals from any order of the hearing officer or panel. With*
19 *regard to any matter properly submitted to the court relating to the*
20 *determination of valuation of residential property or real property*
21 *used for commercial and industrial purposes for taxation purposes, it*
22 *shall be the duty of the county appraiser to initiate the production of*
23 *evidence to demonstrate, by a preponderance of the evidence, the*
24 *validity and correctness of such determination. With regard to leased*
25 *commercial and industrial property, the presumption of validity and*
26 *correctness of such determination shall exist in favor of the county or*
27 *district appraiser unless, within 30 calendar days following the*
28 *informal meeting required by K.S.A. 79-1448, and amendments*
29 *thereto, the taxpayer furnished to the county or district appraiser*
30 *complete income and expense statements for the property for the three*
31 *years next preceding the year of appeal.*

32 {Sec. 9. K.S.A. 2013 Supp. 12-1744a is hereby amended to read as
33 follows: 12-1744a. (a) At least seven days prior to the issuance of any
34 revenue bonds, the city or county shall file a statement with the state
35 court of tax appeals of such proposed issuance containing the
36 following information:

37 (1) The name of the city or county proposing to issue the revenue
38 bonds, the lessee, the guarantor, if any, the paying or fiscal agent, the
39 underwriter, if any, and all attorneys retained to render an opinion on
40 the issue;

41 (2) a legal description of any property to be exempted from ad
42 valorem taxes, including the city or county in which the facility will be
43 located;

1 **(3) the appraised valuation of the property to be exempted from**
2 **ad valorem taxes as shown on the records of the county as of the next**
3 **preceding January 1.** *Any listing of property shall not constitute a*
4 *classification of the property. Classification of any property acquired*
5 *during the tax exemption period shall be determined at the end of the*
6 *exemption period in accordance with section 2, and amendments thereto;*

7 **(4) the estimated total cost of the facility showing a division of**
8 **such total cost between real and personal property;**

9 **(5) if the facility to be financed is an addition to or further**
10 **improvement of an existing facility the cost of which was financed by**
11 **revenue bonds issued under the provisions of this act, the date of**
12 **issuance of such revenue bonds, and if such facility or any portion**
13 **thereof is presently exempt from property taxation, the period for**
14 **which the same is exempt;**

15 **(6) the principal amount of the revenue bonds to be issued;**

16 **(7) the amount of any payment to be made in lieu of taxes;**

17 **(8) an itemized list of service fees or charges to be paid by the**
18 **lessee together with a detailed description of the services to be**
19 **rendered therefor;**

20 **(9) a reasonably detailed description of the use of bond proceeds,**
21 **including whether they will be used to purchase, acquire, construct,**
22 **reconstruct, improve, equip, furnish, enlarge or remodel the facility in**
23 **question;**

24 **(10) the proposed date of issuance of such revenue bonds.**

25 **(b) Any change in the information or documents required to be**
26 **filed pursuant to subsection (a) which does not materially adversely**
27 **affect the security for the revenue bond issue may be made within the**
28 **fifteen-day period prior to issuance of the revenue bonds by filing the**
29 **amended information or document with the state court of tax appeals.**

30 **(c) Any notice required to be filed pursuant to the provisions of**
31 **subsection (a) shall be accompanied by a filing fee, which shall be**
32 **fixed by rules and regulations of the state court of tax appeals, in an**
33 **amount sufficient to defray the cost of reviewing the information and**
34 **documents required to be contained in the notice.**

35 **(d) Information required to be filed by subsection (a) of this**
36 **section shall be in addition to any filing required by K.S.A. 79-210,**
37 **and amendments thereto.**

38 **(e) The state court of tax appeals may require any information**
39 **listed under subsection (a) deemed necessary, to be filed by a city or**
40 **county concerning agreements entered into prior to the effective date**
41 **of this act.**

42 **(f) The state court of tax appeals shall prepare and compile**
43 **annually a report containing the information required to be filed**

1 pursuant to subsection (a) for each issuance of revenue bonds made
2 pursuant to K.S.A. 12-1740 et seq., and amendments thereto. Such
3 report shall be published in convenient form for the use and
4 information of the legislature, taxpayers, public officers and other
5 interested parties, and shall be available on January 10 of each year.}

6 **Sec. 10.** K.S.A. 2013 Supp. 79-251 is hereby amended to read as
7 follows: 79-251. Prior to the granting of an exemption for any
8 property from ad valorem taxation pursuant to the provisions of
9 section 13 of article 11 of the ~~Kansas~~ constitution *of the state of Kansas*,
10 the board of county commissioners of any county or the governing
11 body of any city, as the case requires, shall be required to do the
12 following:

13 (a) Develop and adopt official policies and procedures for the
14 granting of such exemptions including:

15 (1) The required preparation of an analysis of the costs and
16 benefits of each exemption, including the effect of the exemption on
17 state revenues, prior to the granting of such exemption;

18 (2) a procedure for monitoring the compliance of a business
19 receiving an exemption with any terms or conditions established by
20 the governing body for the granting of the exemption;

21 (b) conduct a public hearing on the granting of such exemption.
22 Notice of the public hearing shall be published at least once seven days
23 prior to the hearing in the official city or county newspaper, as the
24 case requires, and shall indicate the purpose, time and place thereof.
25 In addition to such publication notice, the city or county clerk, as the
26 case requires, shall notify in writing the governing body of the city or
27 county and unified school district within which the property proposed
28 for exemption is located; and

29 (c) adopt a resolution containing the following findings of fact:

30 (1) That the property for which the exemption is to be granted
31 will be used exclusively for the purposes specified in section 13 of
32 article 11 of the ~~Kansas~~ constitution *of the state of Kansas*; and

33 (2) if the business using the property is relocating from one city or
34 county to another within this state, that the business has received
35 approval of the secretary of commerce prior to qualifying for the
36 exemption upon a finding by the secretary that such relocation is
37 necessary to prevent the business from relocating outside this state.

38 {(d) Any listing of property submitted by the business as part of
39 the exemption process shall not constitute a classification of the
40 property. Classification of any property acquired during the tax
41 exemption shall be determined at the end of the exemption period in
42 accordance with section 2, and amendments thereto.}

43 **New Sec. 11.** (a) In accordance with the provisions of section 1 of

1 article 11 of the constitution of the state of Kansas, all commercial and
2 industrial machinery used directly in the manufacture of cement, lime
3 or similar products including: Kilns, pumps, lifts, process fans, bucket
4 elevators, compressors, raw mills, hammer mills, grinders, conveyors,
5 ball mills, mixers, storage tanks, scales, crushers, reclaimers,
6 processing vessels, filters, electric motors, cement and clinker coolers,
7 finish mills, separators, electric hoists, stackers, roller mills, clinker
8 breakers, hydraulic and lubricating systems used directly in
9 manufacturing and processing activities, analyzers, aeration systems,
10 air pollution control equipment, bulk loading systems, material and
11 gas flow distribution gates and handling and transport systems, except
12 public utility property valued and assessed pursuant to K.S.A. 79-5a01
13 et seq., and amendments thereto, are hereby defined as commercial
14 and industrial machinery and equipment, and shall be classified for
15 property tax purposes as tangible personal property within subclass 5
16 of class 2 of section 1 of article 11 of the constitution of the state of
17 Kansas. All such property shall be valued in accordance with the
18 provisions of subsection (b)(2)(E) of K.S.A. 79-1439, and amendments
19 thereto.

20 (b) The provisions of this section shall apply to all taxable years
21 commencing after December 31, 2013.

22 Sec. 12. K.S.A. 2013 Supp. 79-5107 is hereby amended to read as
23 follows: 79-5107. (a) Except as provided in subsection (e), the tax
24 imposed by this act upon any motor vehicle, other than a motor
25 vehicle which replaces a motor vehicle previously registered and taxed
26 in this state and to which registration plates are transferred, which
27 has been acquired, or brought into the state, or for any other reason
28 becomes subject to registration after the owner's regular annual
29 motor vehicle registration date, shall become due and payable at the
30 time such motor vehicle becomes subject to registration under the
31 laws of this state and the amount of tax to be paid by the owner for the
32 remainder of the tax year shall be an amount which is equal to $\frac{1}{12}$ of
33 the tax which would have been due upon such motor vehicle for the
34 full registration year, multiplied by the number of full calendar
35 months remaining in the registration year of the owner of such
36 vehicle. Such tax shall be paid at the time of the registration of such
37 motor vehicle.

38 (b) Except as provided in subsection (e), the tax upon a motor
39 vehicle, which replaces a motor vehicle previously registered and
40 taxed in this state and to which registration plates are transferred,
41 which is registered at any time other than the annual registration date
42 prescribed by law for the registration of such motor vehicle, shall be in
43 an amount equal to the amount by which: (1) One-twelfth of the tax

1 which would have been due upon such replacement motor vehicle for
2 the full registration year multiplied by the number of full calendar
3 months remaining in the registration year for such motor vehicle,
4 exceeds (2) one-twelfth of the tax which would have been due for the
5 full registration year upon the motor vehicle replaced multiplied by
6 the number of full calendar months remaining in such registration
7 year. Such tax shall be paid at the time of registration of such
8 replacement vehicle.

9 (c) Whenever the tax imposed under this act has been paid upon
10 any motor vehicle and title to such vehicle is transferred and no
11 replacement vehicle is substituted therefor such taxpayer shall be
12 entitled to a refund in an amount equal to $\frac{1}{12}$ of the tax due upon such
13 motor vehicle for the full registration year, multiplied by the number
14 of full calendar months remaining in such registration year. Whenever
15 the tax imposed under this act upon any replacement motor vehicle
16 for the remainder of the registration year is less than the tax paid on
17 the motor vehicle replaced for the remainder of such registration year,
18 the taxpayer shall be entitled to a refund in the amount by which the
19 tax paid upon the vehicle replaced exceeds the tax due upon the
20 replacement vehicle. All refunds shall be paid by the county treasurer
21 from the moneys received from taxes upon motor vehicles imposed by
22 this act which have not been distributed. No refund shall be made
23 under the authority of this subsection for a sum less than \$5.

24 (d) Whenever the tax imposed under this act has been paid upon
25 any motor vehicle and the owner thereof has established residence in
26 another state during such vehicle's registration year, such owner shall
27 be entitled to a refund of such taxes in an amount equal to $\frac{1}{12}$ of the
28 tax paid upon such motor vehicle for the full registration year,
29 multiplied by the number of full calendar months remaining in such
30 registration year after the month of establishing residence in another
31 state. No such refund shall be allowed unless and until the owner
32 submits to the county treasurer evidence of a valid driver's license and
33 motor vehicle registration in another state, and surrenders the Kansas
34 license plate. All refunds shall be paid by the county treasurer from
35 the moneys received from taxes upon motor vehicles which have not
36 been distributed. No refund shall be made for a sum less than \$5.

37 (e) (1) No tax shall be levied under the provisions of this act upon
38 not more than two motor vehicles which are owned by a resident
39 individual:

40 (A) Who is in the full-time military service of the United States, is
41 absent from this state solely by reason of military orders on the date of
42 such individual's application for registration and such motor vehicles
43 are maintained by such individual outside of this state; ~~or~~

1 **(B) who is a member of the military service of the United States**
2 **and is mobilized or deployed on the date of such individual's**
3 **application for registration; or**

4 **(C) who is a full-time member of the military service of the United**
5 **States, and is stationed in Kansas, or who is a full-time active guard and**
6 **reservist member of the Kansas army or air national guard or a Kansas**
7 **unit of the reserve forces of the United States under authority of title 10 or**
8 **title 32 of the U.S. code, and is stationed or assigned in Kansas.**

9 **(2) The owner of a motor vehicle not subject to tax pursuant to**
10 **the provisions of subsection (e)(1) who has paid the tax levied under**
11 **the provisions of K.S.A. 79-5101, and amendments thereto, may apply**
12 **for a refund with the county treasurer not later than one year from the**
13 **effective date of this act. The county treasurer shall refund any such**
14 **taxes previously paid by such owner of a motor vehicle.**

15 **The provisions of this subsection shall be applicable on and after**
16 **December 31, 2003 {2013.}**

17 *{New Sec. 13. If any provision of this act or the application thereof*
18 *to any person or circumstances is held invalid, such invalidity shall not*
19 *affect other provisions or applications of this act which can be given*
20 *effect without the invalid provision or application, and to this end the*
21 *provisions of this act are declared to be severable.}*

22 *{Sec. 14. K.S.A. 2013 Supp. 79-201 is hereby amended to read as*
23 *follows: 79-201. The following described property, to the extent herein*
24 *specified, shall be and is hereby exempt from all property or ad valorem*
25 *taxes levied under the laws of the state of Kansas:*

26 *First. All buildings used exclusively as places of public worship and*
27 *all buildings used exclusively by school districts and school district*
28 *interlocal cooperatives organized under the laws of this state, with the*
29 *furniture and books therein contained and used exclusively for the*
30 *accommodation of religious meetings or for school district or school*
31 *district interlocal cooperative purposes, whichever is applicable, together*
32 *with the grounds owned thereby if not leased or otherwise used for the*
33 *realization of profit, except that: (a) (1) Any school building, or portion*
34 *thereof, together with the grounds upon which the building is located,*
35 *shall be considered to be used exclusively by the school district for the*
36 *purposes of this section when leased by the school district to any political*
37 *or taxing subdivision of the state, including a school district interlocal*
38 *cooperative, or to any association, organization or nonprofit corporation*
39 *entitled to tax exemption with respect to such property; and (2) any*
40 *school building, together with the grounds upon which the building is*
41 *located, shall be considered to be used exclusively by a school district*
42 *interlocal cooperative for the purposes of this section when being*
43 *acquired pursuant to a lease-purchase agreement; and (b) any building,*

1 *or portion thereof, used as a place of worship, together with the grounds*
2 *upon which the building is located, shall be considered to be used*
3 *exclusively for the religious purposes of this section when used as a not-*
4 *for-profit day care center for children which is licensed pursuant to*
5 *K.S.A. 65-501 et seq., and amendments thereto, or when used to house*
6 *an area where the congregation of a church society and others may*
7 *purchase tracts, books and other items relating to the promulgation of*
8 *the church society's religious doctrines.*

9 *Second. All real property, and all tangible personal property, actually*
10 *and regularly used exclusively for literary, educational, scientific,*
11 *religious, benevolent or charitable purposes, including property used*
12 *exclusively for such purposes by more than one agency or organization*
13 *for one or more of such exempt purposes. Except with regard to real*
14 *property which is owned by a religious organization, is to be used*
15 *exclusively for religious purposes and is not used for a nonexempt*
16 *purpose prior to its exclusive use for religious purposes which property*
17 *shall be deemed to be actually and regularly used exclusively for*
18 *religious purposes for the purposes of this paragraph, this exemption*
19 *shall not apply to such property, not actually used or occupied for the*
20 *purposes set forth herein, nor to such property held or used as an*
21 *investment even though the income or rentals received therefrom is used*
22 *wholly for such literary, educational, scientific, religious, benevolent or*
23 *charitable purposes. In the event any such property which has been*
24 *exempted pursuant to the preceding sentence is not used for religious*
25 *purposes prior to its conveyance which results in its use for nonreligious*
26 *purposes, there shall be a recoupment of property taxes in an amount*
27 *equal to the tax which would have been levied upon such property except*
28 *for such exemption for all taxable years for which such exemption was*
29 *in effect. Such recoupment tax shall become due and payable in such*
30 *year as provided by K.S.A. 79-2004, and amendments thereto. A lien for*
31 *such taxes shall attach to the real property subject to the same on*
32 *November 1 in the year such taxes become due and all such taxes*
33 *remaining due and unpaid after the date prescribed for the payment*
34 *thereof shall be collected in the manner provided by law for the*
35 *collection of delinquent taxes. Moneys collected from the recoupment*
36 *tax hereunder shall be credited by the county treasurer to the several*
37 *taxing subdivisions within which such real property is located in the*
38 *proportion that the total tangible property tax levies made in the*
39 *preceding year for each such taxing subdivision bear to the total of all*
40 *such levies made in that year by all such taxing subdivisions. Such*
41 *moneys shall be credited to the general fund of the taxing subdivision or*
42 *if such taxing subdivision is making no property tax levy for the support*
43 *of a general fund such moneys may be credited to any other tangible*

1 *property tax fund of general application of such subdivision. This*
2 *exemption shall not be deemed inapplicable to property which would*
3 *otherwise be exempt pursuant to this paragraph because an agency or*
4 *organization: (a) Is reimbursed for the provision of services*
5 *accomplishing the purposes enumerated in this paragraph based upon*
6 *the ability to pay by the recipient of such services; or (b) is reimbursed*
7 *for the actual expense of using such property for purposes enumerated*
8 *in this paragraph; or (c) uses such property for a nonexempt purpose*
9 *which is minimal in scope and insubstantial in nature if such use is*
10 *incidental to the exempt purposes of this paragraph; or (d) charges a*
11 *reasonable fee for admission to cultural or educational activities or*
12 *permits the use of its property for such activities by a related agency or*
13 *organization, if any such activity is in furtherance of the purposes of this*
14 *paragraph; or (e) is applying for an exemption pursuant to this*
15 *paragraph for a motor vehicle that is being leased for a period of at least*
16 *one year.*

17 *Third. All moneys and credits belonging exclusively to universities,*
18 *colleges, academies or other public schools of any kind, or to religious,*
19 *literary, scientific or benevolent and charitable institutions or*
20 *associations, appropriated solely to sustain such institutions or*
21 *associations, not exceeding in amount or in income arising therefrom*
22 *the limit prescribed by the charter of such institution or association.*

23 *Fourth. The reserve or emergency funds of fraternal benefit societies*
24 *authorized to do business under the laws of the state of Kansas.*

25 *Fifth. All buildings of private nonprofit universities or colleges which*
26 *are owned and operated by such universities and colleges as student*
27 *union buildings, presidents' homes and student dormitories.*

28 *Sixth. All real and tangible personal property actually and regularly*
29 *used exclusively by the alumni association associated by its articles of*
30 *incorporation with any public or nonprofit Kansas college or university*
31 *approved by the Kansas board of regents to confer academic degrees or*
32 *with any community college approved by its board of trustees to grant*
33 *certificates of completion of courses or curriculum, to provide*
34 *accommodations and services to such college or university or to the*
35 *alumni, staff or faculty thereof.*

36 *Seventh. All parsonages owned by a church society and actually and*
37 *regularly occupied and used predominantly as a residence by a minister*
38 *or other clergyman of such church society who is actually and regularly*
39 *engaged in conducting the services and religious ministrations of such*
40 *society, and the land upon which such parsonage is located to the extent*
41 *necessary for the accommodation of such parsonage.*

42 *Eighth. All real property, all buildings located on such property and*
43 *all personal property contained therein, actually and regularly used*

1 *exclusively by any individually chartered organization of honorably*
2 *discharged military veterans of the United States armed forces or*
3 *auxiliary of any such organization, which is exempt from federal income*
4 *taxation pursuant to section 501(c)(19) of the federal internal revenue*
5 *code of 1986, for clubhouse, place of meeting or memorial hall*
6 *purposes, and real property to the extent of not more than two acres, and*
7 *all buildings located on such property, actually and regularly used*
8 *exclusively by any such veterans' organization or its auxiliary as a*
9 *memorial park.*

10 *Ninth. All real property and tangible personal property actually and*
11 *regularly used by a community service organization for the predominant*
12 *purpose of providing humanitarian services, which is owned and*
13 *operated by a corporation organized not-for-profit under the laws of the*
14 *state of Kansas or by a corporation organized not-for-profit under the*
15 *laws of another state and duly admitted to engage in business in this*
16 *state as a foreign not-for-profit corporation if: (a) The directors of such*
17 *corporation serve without pay for such services; (b) the corporation is*
18 *operated in a manner which does not result in the accrual of*
19 *distributable profits, realization of private gain resulting from the*
20 *payment of compensation in excess of a reasonable allowance for salary*
21 *or other compensation for services rendered or the realization of any*
22 *other form of private gain; (c) no officer, director or member of such*
23 *corporation has any pecuniary interest in the property for which*
24 *exemption is claimed; (d) the corporation is organized for the purpose of*
25 *providing humanitarian services; (e) the actual use of property for*
26 *which an exemption is claimed must be substantially and predominantly*
27 *related to the purpose of providing humanitarian services, except that,*
28 *the use of such property for a nonexempt purpose which is minimal in*
29 *scope and insubstantial in nature shall not result in the loss of*
30 *exemption if such use is incidental to the purpose of providing*
31 *humanitarian services by the corporation; (f) the corporation is exempt*
32 *from federal income taxation pursuant to section 501(c)(3) of the*
33 *internal revenue code of 1986 and; (g) contributions to the corporation*
34 *are deductible under the Kansas income tax act. As used in this clause,*
35 *"humanitarian services" means the conduct of activities which*
36 *substantially and predominantly meet a demonstrated community need*
37 *and which improve the physical, mental, social, cultural or spiritual*
38 *welfare of others or the relief, comfort or assistance of persons in*
39 *distress or any combination thereof including, but not limited to, health*
40 *and recreation services, child care, individual and family counseling,*
41 *employment and training programs for handicapped persons and meals*
42 *or feeding programs. Notwithstanding any other provision of this clause,*
43 *motor vehicles shall not be exempt hereunder unless such vehicles are*

1 *exclusively used for the purposes described therein, except that the use*
2 *of any such vehicle for the purpose of participating in a coordinated*
3 *transit district in accordance with the provisions of K.S.A. 75-5032*
4 *through 75-5037, and amendments thereto, or K.S.A. 75-5051 through*
5 *75-5058, and amendments thereto, shall be deemed as exclusive use.*

6 *Tenth. For all taxable years commencing after December 31, 1986,*
7 *any building, and the land upon which such building is located to the*
8 *extent necessary for the accommodation of such building, owned by a*
9 *church or nonprofit religious society or order which is exempt from*
10 *federal income taxation pursuant to section 501(c)(3) of the federal*
11 *internal revenue code of 1986, and actually and regularly occupied and*
12 *used exclusively for residential and religious purposes by a community*
13 *of persons who are bound by vows to a religious life and who conduct or*
14 *assist in the conduct of religious services and actually and regularly*
15 *engage in religious, benevolent, charitable or educational ministrations*
16 *or the performance of health care services.*

17 *Eleventh. For all taxable years commencing after December 31,*
18 *1998, all property actually and regularly used predominantly to produce*
19 *and generate electricity utilizing renewable energy resources or*
20 *technologies. For purposes of this section, "renewable energy resources*
21 *or technologies" shall include wind, solar, photovoltaic, biomass,*
22 *hydropower, geothermal and landfill gas resources or technologies.*

23 *Twelfth. For all taxable years commencing after December 31, 2001,*
24 *all personal property actually and regularly used predominantly to*
25 *collect, refine or treat landfill gas or to transport landfill gas from a*
26 *landfill to a transmission pipeline, and the landfill gas produced*
27 *therefrom.*

28 *Thirteenth. For all taxable years commencing after December 31,*
29 *2014, all real property owned and operated by a health club in the state of*
30 *Kansas. For purposes of this section, "health club" means any*
31 *corporation, partnership, unincorporated association or other business*
32 *enterprise whose primary purpose is to offer facilities that contain cardio,*
33 *weight training or strength and conditioning equipment, or both, for the*
34 *preservation, maintenance, encouragement or development of physical*
35 *fitness in return for the payment of a fee which entitles the buyer to the use*
36 *of such facilities. A health club may have on such club's premises health*
37 *spas, studios, tennis, racquet or basketball facilities or swimming pools*
38 *that offer programs that enhance the primary purpose of the health club as*
39 *specified in this subsection; but may not be facilities that are primarily*
40 *weight control facilities, health spas, dance studios, martial arts or self-*
41 *defense studios, tennis, racquet or basketball facilities, swimming pools,*
42 *golf clubs or similar activities which do not have the primary purpose as*
43 *specified in this subsection. For purposes of this subsection, real property*

1 shall be considered "owned and operated by a health club" if the owner of
2 the real property to be exempted from taxation and the business enterprise
3 that operates the health club and collects the payment of the fee entitling
4 the buyer to use the facility are the same business entity, a parent or
5 subsidiary of the same business entity or have any direct or indirect
6 common ownership. This exemption shall not apply to any real property in
7 a redevelopment district established pursuant to K.S.A. 12-1770 et seq.,
8 and amendments thereto, established prior to July 1, 2014, until such time
9 as the redevelopment district is terminated or expires.

10 ***The provisions of this section, except as otherwise more specifically***
11 ***provided, shall apply to all taxable years commencing after December***
12 ***31, 2009.***

13 Sec. ~~9-113~~ **{15.}** K.S.A. 2013 Supp. {12-1744a, **{79-201,}** 79-251,
14 79-1609 and 79-5107} is {are} hereby repealed.

15 Sec. ~~2-10-14~~ **{16.}** This act shall take effect and be in force from
16 and after its publication in the statute book.