

**As Amended by House Committee**

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*Session of 2014*

**HOUSE BILL No. 2648**

By Committee on Commerce, Labor and Economic Development

2-12

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

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

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

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

12 *Second.* All property used exclusively by the state or any municipality  
13 or political subdivision of the state. All property owned, being acquired  
14 pursuant to a lease-purchase agreement or operated by the state or any  
15 municipality or political subdivision of the state, including property which  
16 is vacant or lying dormant, which is used or is to be used for any  
17 governmental or proprietary function and for which bonds may be issued  
18 or taxes levied to finance the same, shall be considered to be used  
19 exclusively by the state, municipality or political subdivision for the  
20 purposes of this section. The lease by a municipality or political  
21 subdivision of the state of any real property owned or being acquired  
22 pursuant to a lease-purchase agreement for the purpose of providing office  
23 space necessary for the performance of medical services by a person  
24 licensed to practice medicine and surgery or osteopathic medicine by the  
25 board of healing arts pursuant to K.S.A. 65-2801 et seq., and amendments  
26 thereto, dentistry services by a person licensed by the Kansas dental board  
27 pursuant to K.S.A. 65-1401 et seq., and amendments thereto, optometry  
28 services by a person licensed by the board of examiners in optometry  
29 pursuant to K.S.A. 65-1501 et seq., and amendments thereto, or K.S.A. 74-  
30 1501 et seq., and amendments thereto, podiatry services by a person  
31 licensed by the board of healing arts pursuant to K.S.A. 65-2001 et seq.,  
32 and amendments thereto, or the practice of psychology by a person  
33 licensed by the behavioral sciences regulatory board pursuant to K.S.A.  
34 74-5301 et seq., and amendments thereto, shall be construed to be a  
35 governmental function, and such property actually and regularly used for  
36 such purpose shall be deemed to be used exclusively for the purposes of

1 this paragraph. The lease by a municipality or political subdivision of the  
2 state of any real property, or portion thereof, owned or being acquired  
3 pursuant to a lease-purchase agreement to any entity for the exclusive use  
4 by it for an exempt purpose, including the purpose of displaying or  
5 exhibiting personal property by a museum or historical society, if no  
6 portion of the lease payments include compensation for return on the  
7 investment in such leased property shall be deemed to be used exclusively  
8 for the purposes of this paragraph. All property leased, other than motor  
9 vehicles leased for a period of at least one year and property being  
10 acquired pursuant to a lease-purchase agreement, to the state or any  
11 municipality or political subdivision of the state by any private entity shall  
12 not be considered to be used exclusively by the state or any municipality  
13 or political subdivision of the state for the purposes of this section except  
14 that the provisions of this sentence shall not apply to any such property  
15 subject to lease on the effective date of this act until the term of such lease  
16 expires but property taxes levied upon any such property prior to tax year  
17 1989, shall not be abated or refunded. Any property constructed or  
18 purchased with the proceeds of industrial revenue bonds issued prior to  
19 July 1, 1963, as authorized by K.S.A. 12-1740 through 12-1749, and  
20 amendments thereto, or purchased with proceeds of improvement district  
21 bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-2776, and  
22 amendments thereto, or with proceeds of bonds issued prior to July 1,  
23 1963, as authorized by K.S.A. 19-3815a and 19-3815b, and amendments  
24 thereto, or any property improved, purchased, constructed, reconstructed  
25 or repaired with the proceeds of revenue bonds issued prior to July 1,  
26 1963, as authorized by K.S.A. 13-1238 to 13-1245, inclusive, and  
27 amendments thereto, or any property improved, reimproved, reconstructed  
28 or repaired with the proceeds of revenue bonds issued after July 1, 1963,  
29 under the authority of K.S.A. 13-1238 to 13-1245, inclusive, and  
30 amendments thereto, which had previously been improved, reconstructed  
31 or repaired with the proceeds of revenue bonds issued under such act on or  
32 before July 1, 1963, shall be exempt from taxation for so long as any of the  
33 revenue bonds issued to finance such construction, reconstruction,  
34 improvement, repair or purchase shall be outstanding and unpaid. Any  
35 property constructed or purchased with the proceeds of any revenue bonds  
36 authorized by K.S.A. 13-1238 to 13-1245, inclusive, and amendments  
37 thereto, 19-2776, 19-3815a and 19-3815b, and amendments thereto, issued  
38 on or after July 1, 1963, shall be exempt from taxation only for a period of  
39 10 calendar years after the calendar year in which the bonds were issued.  
40 Any property, all or any portion of which is constructed or purchased with  
41 the proceeds of revenue bonds authorized by K.S.A. 12-1740 to 12-1749,  
42 inclusive, and amendments thereto, issued on or after July 1, 1963 and  
43 prior to July 1, 1981, shall be exempt from taxation only for a period of 10

1 calendar years after the calendar year in which the bonds were issued.  
2 Except as hereinafter provided, any property constructed or purchased  
3 wholly with the proceeds of revenue bonds issued on or after July 1, 1981,  
4 under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and  
5 amendments thereto, shall be exempt from taxation only for a period of 10  
6 calendar years after the calendar year in which the bonds were issued.  
7 Except as hereinafter provided, any property constructed or purchased in  
8 part with the proceeds of revenue bonds issued on or after July 1, 1981,  
9 under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and  
10 amendments thereto, shall be exempt from taxation to the extent of the  
11 value of that portion of the property financed by the revenue bonds and  
12 only for a period of 10 calendar years after the calendar year in which the  
13 bonds were issued. The exemption of that portion of the property  
14 constructed or purchased with the proceeds of revenue bonds shall  
15 terminate upon the failure to pay all taxes levied on that portion of the  
16 property which is not exempt and the entire property shall be subject to  
17 sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments  
18 thereto. Property constructed or purchased in whole or in part with the  
19 proceeds of revenue bonds issued on or after January 1, 1995, under the  
20 authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments  
21 thereto, and used in any retail enterprise identified under NAICS sectors  
22 44 and 45, except facilities used exclusively to house the headquarters or  
23 back office operations of such retail enterprises identified thereunder, shall  
24 not be exempt from taxation. For the purposes of the preceding provision  
25 "NAICS" means the North American industry classification system, as  
26 developed under the authority of the office of management and budget of  
27 the office of the president of the United States. "Headquarters or back  
28 office operations" means a facility from which the enterprise is provided  
29 direction, management, administrative services, or distribution or  
30 warehousing functions in support of transactions made by the enterprise.  
31 Property purchased, constructed, reconstructed, equipped, maintained or  
32 repaired with the proceeds of industrial revenue bonds issued under the  
33 authority of K.S.A. 12-1740 et seq., and amendments thereto, which is  
34 located in a redevelopment project area established under the authority of  
35 K.S.A. 12-1770 et seq., and amendments thereto, shall not be exempt from  
36 taxation. Property purchased, acquired, constructed, reconstructed,  
37 improved, equipped, furnished, repaired, enlarged or remodeled with all or  
38 any part of the proceeds of revenue bonds issued under authority of K.S.A.  
39 12-1740 to 12-1749a, inclusive, and amendments thereto, for any poultry  
40 confinement facility on agricultural land which is owned, acquired,  
41 obtained or leased by a corporation, as such terms are defined by K.S.A.  
42 17-5903, and amendments thereto, shall not be exempt from such taxation.  
43 Property purchased, acquired, constructed, reconstructed, improved,

1 equipped, furnished, repaired, enlarged or remodeled with all or any part  
2 of the proceeds of revenue bonds issued under the authority of K.S.A. 12-  
3 1740 to 12-1749a, inclusive, and amendments thereto, for a rabbit  
4 confinement facility on agricultural land which is owned, acquired,  
5 obtained or leased by a corporation, as such terms are defined by K.S.A.  
6 17-5903, and amendments thereto, shall not be exempt from such taxation.

7 *Third.* All works, machinery and fixtures used exclusively by any rural  
8 water district or township water district for conveying or production of  
9 potable water in such rural water district or township water district, and all  
10 works, machinery and fixtures used exclusively by any entity which  
11 performed the functions of a rural water district on and after January 1,  
12 1990, and the works, machinery and equipment of which were exempted  
13 hereunder on March 13, 1995.

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

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

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

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

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

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

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

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

1 such building is located.

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

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

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

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

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

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

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

33 *Nineteenth.* For all taxable years commencing after December 31,  
34 1997, all buildings of an area vocational school, an area vocational-  
35 technical school, a technical college or a community college, as defined by  
36 K.S.A. 72-4412, and amendments thereto, which are owned and operated  
37 by any such school or college as a student union or dormitory and the site  
38 upon which any such building is located.

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

43 *Twenty-First.* All real property from and after the date of its transfer by

1 the city of Olathe, Kansas, to the Kansas state university foundation, all  
2 buildings and improvements thereafter erected and located on such  
3 property, and all tangible personal property, which is held, used or  
4 operated for educational and research purposes at the Kansas state  
5 university Olathe innovation campus located in the city of Olathe, Kansas.

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

16 *Twenty-Third.* For all taxable years commencing after December 31,  
17 2005, any and all housing developments and related improvements located  
18 on United States department of defense military installations in the state of  
19 Kansas, which are developed pursuant to the military housing privatization  
20 initiative, 10 U.S.C. § 2871 et seq., or any successor thereto, and which are  
21 provided exclusively or primarily for use by military personnel of the  
22 United States and their families.

23 *Twenty-Fourth.* For all taxable years commencing after December 31,  
24 2012, except as hereinafter provided, any property constructed or  
25 purchased in part with the proceeds of revenue bonds issued on or after  
26 July 1, 2013, under the authority of K.S.A. 12-1740 to 12-1749a,  
27 inclusive, and amendments thereto, shall be exempt from taxation to the  
28 extent of the value of that portion of the property financed by the revenue  
29 bonds and only for a period of 10 calendar years after the calendar year in  
30 which the bonds were issued. The exemption of that portion of the  
31 property constructed or purchased with the proceeds of revenue bonds  
32 shall terminate upon the failure to pay all taxes levied on that portion of  
33 the property which is not exempt and the entire property shall be subject to  
34 sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments  
35 thereto. Property constructed or purchased in whole or in part with the  
36 proceeds of revenue bonds issued on or after January 1, 1995, under the  
37 authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments  
38 thereto, and used in any retail enterprise identified under NAICS sectors  
39 44 and 45, except facilities used exclusively to house the headquarters or  
40 back office operations of such retail enterprises identified thereunder, shall  
41 not be exempt from taxation. For the purposes of the preceding provision  
42 "NAICS" means the North American industry classification system, as  
43 developed under the authority of the office of management and budget of

1 the office of the president of the United States. "Headquarters or back  
2 office operations" means a facility from which the enterprise is provided  
3 direction, management, administrative services, or distribution or  
4 warehousing functions in support of transactions made by the enterprise.  
5 Property purchased, constructed, reconstructed, equipped, maintained or  
6 repaired with the proceeds of industrial revenue bonds issued under the  
7 authority of K.S.A. 12-1740 et seq., and amendments thereto, which is  
8 located in a redevelopment project area established under the authority of  
9 K.S.A. 12-1770 et seq., and amendments thereto, shall not be exempt from  
10 taxation. Property purchased, acquired, constructed, reconstructed,  
11 improved, equipped, furnished, repaired, enlarged or remodeled with all or  
12 any part of the proceeds of revenue bonds issued under authority of K.S.A.  
13 12-1740 to 12-1749a, inclusive, and amendments thereto, for any poultry  
14 confinement facility on agricultural land which is owned, acquired,  
15 obtained or leased by a corporation, as such terms are defined by K.S.A.  
16 17-5903, and amendments thereto, shall not be exempt from such taxation.  
17 Property purchased, acquired, constructed, reconstructed, improved,  
18 equipped, furnished, repaired, enlarged or remodeled with all or any part  
19 of the proceeds of revenue bonds issued under the authority of K.S.A. 12-  
20 1740 to 12-1749a, inclusive, and amendments thereto, for a rabbit  
21 confinement facility on agricultural land which is owned, acquired,  
22 obtained or leased by a corporation, as such terms are defined by K.S.A.  
23 17-5903, and amendments thereto, shall not be exempt from such taxation.

24 *Twenty-Fifth. For all taxable years commencing after December 31,*  
25 *2014, All land owned by a municipality that is a part of a public levee that*  
26 *is leased pursuant to K.S.A. 13-1243, and amendments thereto.*

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

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

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