

SENATE BILL No. 626

By Committee on Federal and State Affairs

2-19

AN ACT concerning property taxation; relating to limitations upon certain property tax exemptions relating to certain school district levies; amending K.S.A. 2001 Supp. 79-201a and repealing the existing section.

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

New Section 1. No ad valorem tax exemption for real or personal property granted after the effective date of this act by the governing body of any city or the board of county commissioners of any county pursuant to the provisions of section 13 of article 11 of the Kansas constitution shall be deemed to exempt any such property from the ad valorem property tax levied by or on behalf of a school district pursuant to the provisions of K.S.A. 72-6431, and amendments thereto.

Sec. 2. K.S.A. 2001 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

1 *et seq.*, and amendments thereto, optometry services by a person licensed
2 by the board of examiners in optometry pursuant to K.S.A. 65-1501 *et*
3 *seq.*, and amendments thereto, or K.S.A. 74-1501 *et seq.*, and amend-
4 ments thereto, podiatry services by a person licensed by the board of
5 healing arts pursuant to K.S.A. 65-2001 *et seq.*, and amendments thereto,
6 or the practice of psychology by a person licensed by the behavioral sci-
7 ences regulatory board pursuant to K.S.A. 74-5301 *et seq.*, and amend-
8 ments thereto, shall be construed to be a governmental function, and
9 such property actually and regularly used for such purpose shall be
10 deemed to be used exclusively for the purposes of this paragraph. The
11 lease by a municipality or political subdivision of the state of any real
12 property, or portion thereof, owned or being acquired pursuant to a lease-
13 purchase agreement to any entity for the exclusive use by it for an exempt
14 purpose, including the purpose of displaying or exhibiting personal prop-
15 erty by a museum or historical society, if no portion of the lease payments
16 include compensation for return on the investment in such leased prop-
17 erty shall be deemed to be used exclusively for the purposes of this par-
18 agraph. All property leased, other than property being acquired pursuant
19 to a lease-purchase agreement, to the state or any municipality or political
20 subdivision of the state by any private entity shall not be considered to
21 be used exclusively by the state or any municipality or political subdivision
22 of the state for the purposes of this section except that the provisions of
23 this sentence shall not apply to any such property subject to lease on the
24 effective date of this act until the term of such lease expires but property
25 taxes levied upon any such property prior to tax year 1989, shall not be
26 abated or refunded. Any property constructed or purchased with the pro-
27 ceeds of industrial revenue bonds issued prior to July 1, 1963, as author-
28 ized by K.S.A. 12-1740 to 12-1749, or purchased with proceeds of im-
29 provement district bonds issued prior to July 1, 1963, as authorized by
30 K.S.A. 19-2776, or with proceeds of bonds issued prior to July 1, 1963,
31 as authorized by K.S.A. 19-3815a and 19-3815b, or any property im-
32 proved, purchased, constructed, reconstructed or repaired with the pro-
33 ceeds of revenue bonds issued prior to July 1, 1963, as authorized by
34 K.S.A. 13-1238 to 13-1245, inclusive, or any property improved, reim-
35 proved, reconstructed or repaired with the proceeds of revenue bonds
36 issued after July 1, 1963, under the authority of K.S.A. 13-1238 to 13-
37 1245, inclusive, which had previously been improved, reconstructed or
38 repaired with the proceeds of revenue bonds issued under such act on or
39 before July 1, 1963, shall be exempt from taxation for so long as any of
40 the revenue bonds issued to finance such construction, reconstruction,
41 improvement, repair or purchase shall be outstanding and unpaid. Any
42 property constructed or purchased with the proceeds of any revenue
43 bonds authorized by K.S.A. 13-1238 to 13-1245, inclusive, 19-2776, 19-

1 3815a and 19-3815b, and amendments thereto, issued on or after July 1,
2 1963, shall be exempt from taxation only for a period of 10 calendar years
3 after the calendar year in which the bonds were issued. Any property, all
4 or any portion of which is constructed or purchased with the proceeds of
5 revenue bonds authorized by K.S.A. 12-1740 to 12-1749, inclusive, and
6 amendments thereto, issued on or after July 1, 1963 and prior to July 1,
7 1981, shall be exempt from taxation only for a period of 10 calendar years
8 after the calendar year in which the bonds were issued. Except as here-
9 inafter provided, any property constructed or purchased wholly with the
10 proceeds of revenue bonds issued on or after July 1, 1981, *and prior to*
11 *the effective date of this act*, under the authority of K.S.A. 12-1740 to 12-
12 1749, inclusive, and amendments thereto, shall be exempt from taxation
13 only for a period of 10 calendar years after the calendar year in which the
14 bonds were issued. Except as hereinafter provided, any property con-
15 structed or purchased in part with the proceeds of revenue bonds issued
16 on or after July 1, 1981, *and prior to the effective date of this act*, under
17 the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments
18 thereto, shall be exempt from taxation to the extent of the value of that
19 portion of the property financed by the revenue bonds and only for a
20 period of 10 calendar years after the calendar year in which the bonds
21 were issued. The exemption of that portion of the property constructed
22 or purchased with the proceeds of revenue bonds shall terminate upon
23 the failure to pay all taxes levied on that portion of the property which is
24 not exempt and the entire property shall be subject to sale in the manner
25 prescribed by K.S.A. 79-2301 *et seq.*, and amendments thereto. *Any prop-*
26 *erty constructed or purchased wholly with the proceeds of revenue bonds*
27 *issued on or after the effective date of this act under the authority of K.S.A.*
28 *12-1740 to 12-1749, inclusive, and amendments thereto, shall be exempt*
29 *from all property or ad valorem taxes levied except the ad valorem tax*
30 *levied by or on behalf of a school district pursuant to the provisions of*
31 *K.S.A. 72-6431, and amendments thereto. All such property shall be ex-*
32 *empt from taxation to the extent herein provided only for a period of 10*
33 *calendar years after the calendar year in which the bonds were issued.*
34 *Such exemption shall terminate upon the failure to pay all taxes levied*
35 *upon the property, and the entire property shall be subject to sale in the*
36 *manner prescribed by K.S.A. 79-2301 et seq., and amendments thereto.*
37 *Any property constructed or purchased in part with the proceeds of rev-*
38 *enue bonds issued on or after the effective date of this act under the*
39 *authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments*
40 *thereto, to the extent of the value of that portion of the property financed*
41 *by the revenue bonds, shall be exempt from all property or ad valorem*
42 *taxes levied, except the ad valorem tax levied by or on behalf of a school*
43 *district pursuant to the provisions of K.S.A. 72-6431, and amendments*

1 *thereto. All such property to the extent herein provided shall be exempt*
2 *from taxation to the extent herein provided only for a period of 10 cal-*
3 *endar years after the calendar year in which the bonds were issued. Such*
4 *exemption shall terminate upon the failure to pay all taxes levied on the*
5 *property, and the entire property shall be subject to sale in the manner*
6 *prescribed by K.S.A. 79-2301 et seq., and amendments thereto. Property*
7 *constructed or purchased in whole or in part with the proceeds of revenue*
8 *bonds issued on or after January 1, 1995, and prior to the effective date*
9 *of this act, under the authority of K.S.A. 12-1740 to 12-1749, inclusive,*
10 *and amendments thereto, and used in any retail enterprise identified*
11 *under the standard industrial classification codes, major groups 52*
12 *through 59, inclusive, except facilities used exclusively to house the head-*
13 *quarters or back office operations of such retail enterprises identified*
14 *thereunder, shall not be exempt from taxation. Property constructed or*
15 *purchased in whole or in part with the proceeds of revenue bonds issued*
16 *on or after the effective date of this act, under the authority of K.S.A. 12-*
17 *1740 to 12-1749, inclusive, and amendments thereto, and used in any*
18 *retail enterprise identified under the standard industrial classification*
19 *codes, major groups 52 through 59, inclusive, except facilities used exclu-*
20 *sively to house the headquarters or back office operations of such retail*
21 *enterprises identified thereunder, shall not be exempt from taxation. For*
22 *the purposes of the preceding ~~provision~~ provisions “standard industrial*
23 *classification code” means a standard industrial classification code pub-*
24 *lished in the Standard Industrial Classification manual, 1987, as prepared*
25 *by the statistical policy division of the office of management and budget*
26 *of the office of the president of the United States. “Headquarters or back*
27 *office operations” means a facility from which the enterprise is provided*
28 *direction, management, administrative services, or distribution or ware-*
29 *housing functions in support of transactions made by the enterprise.*
30 *Property purchased, constructed, reconstructed, equipped, maintained or*
31 *repaired with the proceeds of industrial revenue bonds issued under the*
32 *authority of K.S.A. 12-1740 et seq., and amendments thereto, which is*
33 *located in a redevelopment project area established under the authority*
34 *of K.S.A. 12-1770 et seq. shall not be exempt from taxation. Property*
35 *purchased, acquired, constructed, reconstructed, improved, equipped,*
36 *furnished, repaired, enlarged or remodeled with all or any part of the*
37 *proceeds of revenue bonds issued under authority of K.S.A. 12-1740 to*
38 *12-1749a, inclusive, and amendments thereto for any poultry confine-*
39 *ment facility on agricultural land which is owned, acquired, obtained or*
40 *leased by a corporation, as such terms are defined by K.S.A. 17-5903 and*
41 *amendments thereto, shall not be exempt from such taxation. Property*
42 *purchased, acquired, constructed, reconstructed, improved, equipped,*
43 *furnished, repaired, enlarged or remodeled with all or any part of the*

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

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

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

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

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

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

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

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

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

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

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

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

10 *Fourteenth.* All that portion of the waterworks plant and system of the
11 city of Kansas City, Missouri, now or hereafter located within the territory
12 of the state of Kansas pursuant to the compact and agreement adopted
13 by chapter 304 of the 1921 Session Laws of the state of Kansas. [See
14 K.S.A. 79-205.]

15 *Fifteenth.* All property, real and personal, owned by a groundwater
16 management district organized and operating pursuant to K.S.A. 82a-
17 1020, 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,
29 leased or being acquired by or for an area vocational school, an area
30 vocational-technical school, a technical college, or a community college,
31 as defined by K.S.A. 72-4412, and amendments thereto, and the site upon
32 which any 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
38 site upon which any such building is located.

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

43 Except as otherwise specifically provided, the provisions of this section

1 shall apply to all taxable years commencing after December 31, 2000.

2 Sec. 3. K.S.A. 2001 Supp. 79-201a is hereby repealed.

3 Sec. 4. This act shall take effect and be in force from and after its
4 publication in the statute book.

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