

## SENATE BILL No. 163

By Committee on Assessment and Taxation

2-6

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AN ACT relating to property taxation; prescribing limitations upon certain property tax exemptions relating to certain school district levies; amending K.S.A. 2002 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 a school district pursuant to K.S.A. 72-6431, and amendments thereto. The provisions of this section shall not be deemed to apply to any such exemptions granted prior to the effective date of this act for any calendar year for which any such exemption was granted.

Sec. 2. K.S.A. 2002 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 *unless otherwise more specifically provided*:

*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

1 and surgery or osteopathic medicine by the board of healing arts pursuant  
2 to K.S.A. 65-2801 *et seq.*, and amendments thereto, dentistry services by  
3 a person licensed by the Kansas dental board pursuant to K.S.A. 65-1401  
4 *et seq.*, and amendments thereto, optometry services by a person licensed  
5 by the board of examiners in optometry pursuant to K.S.A. 65-1501 *et*  
6 *seq.*, and amendments thereto, or K.S.A. 74-1501 *et seq.*, and amend-  
7 ments thereto, podiatry services by a person licensed by the board of  
8 healing arts pursuant to K.S.A. 65-2001 *et seq.*, and amendments thereto,  
9 or the practice of psychology by a person licensed by the behavioral sci-  
10 ences regulatory board pursuant to K.S.A. 74-5301 *et seq.*, and amend-  
11 ments thereto, shall be construed to be a governmental function, and  
12 such property actually and regularly used for such purpose shall be  
13 deemed to be used exclusively for the purposes of this paragraph. The  
14 lease by a municipality or political subdivision of the state of any real  
15 property, or portion thereof, owned or being acquired pursuant to a lease-  
16 purchase agreement to any entity for the exclusive use by it for an exempt  
17 purpose, including the purpose of displaying or exhibiting personal prop-  
18 erty by a museum or historical society, if no portion of the lease payments  
19 include compensation for return on the investment in such leased prop-  
20 erty shall be deemed to be used exclusively for the purposes of this par-  
21 agraph. All property leased, other than property being acquired pursuant  
22 to a lease-purchase agreement, to the state or any municipality or political  
23 subdivision of the state by any private entity shall not be considered to  
24 be used exclusively by the state or any municipality or political subdivision  
25 of the state for the purposes of this section except that the provisions of  
26 this sentence shall not apply to any such property subject to lease on the  
27 effective date of this act until the term of such lease expires but property  
28 taxes levied upon any such property prior to tax year 1989, shall not be  
29 abated or refunded. Any property constructed or purchased with the pro-  
30 ceeds of industrial revenue bonds issued prior to July 1, 1963, as author-  
31 ized by K.S.A. 12-1740 to 12-1749, or purchased with proceeds of im-  
32 provement district bonds issued prior to July 1, 1963, as authorized by  
33 K.S.A. 19-2776, or with proceeds of bonds issued prior to July 1, 1963,  
34 as authorized by K.S.A. 19-3815a and 19-3815b, or any property im-  
35 proved, purchased, constructed, reconstructed or repaired with the pro-  
36 ceeds of revenue bonds issued prior to July 1, 1963, as authorized by  
37 K.S.A. 13-1238 to 13-1245, inclusive, or any property improved, reim-  
38 proved, reconstructed or repaired with the proceeds of revenue bonds  
39 issued after July 1, 1963, under the authority of K.S.A. 13-1238 to 13-  
40 1245, inclusive, which had previously been improved, reconstructed or  
41 repaired with the proceeds of revenue bonds issued under such act on or  
42 before July 1, 1963, shall be exempt from taxation for so long as any of  
43 the revenue bonds issued to finance such construction, reconstruction,

1 improvement, repair or purchase shall be outstanding and unpaid. Any  
2 property constructed or purchased with the proceeds of any revenue  
3 bonds authorized by K.S.A. 13-1238 to 13-1245, inclusive, 19-2776, 19-  
4 3815a and 19-3815b, and amendments thereto, issued on or after July 1,  
5 1963, shall be exempt from taxation only for a period of 10 calendar years  
6 after the calendar year in which the bonds were issued. Any property, all  
7 or any portion of which is constructed or purchased with the proceeds of  
8 revenue bonds authorized by K.S.A. 12-1740 to 12-1749, inclusive, and  
9 amendments thereto, issued on or after July 1, 1963 and prior to July 1,  
10 1981, *and prior to the effective date of this act* shall be exempt from  
11 taxation only for a period of 10 calendar years after the calendar year in  
12 which the bonds were issued. Except as hereinafter provided, any prop-  
13 erty constructed or purchased wholly with the proceeds of revenue bonds  
14 issued on or after July 1, 1981, under the authority of K.S.A. 12-1740 to  
15 12-1749, inclusive, and amendments thereto, shall be exempt from tax-  
16 ation only for a period of 10 calendar years after the calendar year in  
17 which the bonds were issued. Except as hereinafter provided, any prop-  
18 erty constructed or purchased in part with the proceeds of revenue bonds  
19 issued on or after July 1, 1981, *and prior to the effective date of this act*  
20 under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amend-  
21 ments thereto, shall be exempt from taxation to the extent of the value  
22 of that portion of the property financed by the revenue bonds and only  
23 for a period of 10 calendar years after the calendar year in which the  
24 bonds were issued. The exemption of that portion of the property con-  
25 structed or purchased with the proceeds of revenue bonds shall terminate  
26 upon the failure to pay all taxes levied on that portion of the property  
27 which is not exempt and the entire property shall be subject to sale in  
28 the manner prescribed by K.S.A. 79-2301 *et seq.*, and amendments  
29 thereto. *Any property constructed or purchased wholly with the proceeds*  
30 *of revenue bonds issued on or after the effective date of this act under the*  
31 *authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments*  
32 *thereto, shall be exempt from all property or ad valorem taxes levied except*  
33 *the ad valorem tax levied by a school district pursuant to K.S.A. 72-6431,*  
34 *and amendments thereto. All such property shall be exempt from taxation*  
35 *to the extent herein provided only for a period of 10 calendar years after*  
36 *the calendar year in which the bonds were issued. Such exemption shall*  
37 *terminate upon the failure to pay all taxes levied upon the property, and*  
38 *the entire property shall be subject to sale in the manner prescribed by*  
39 *K.S.A. 79-2301 et seq., and amendments thereto. Any property con-*  
40 *structed or purchased in part with the proceeds of revenue bonds issued*  
41 *on or after the effective date of this act under the authority of K.S.A. 12-*  
42 *1740 to 12-1749, inclusive, and amendments thereto, to the extent of the*  
43 *value of that portion of the property financed by the revenue bonds, shall*

1 *be exempt from all property or ad valorem taxes levied, except the ad*  
2 *valorem tax levied by a school district pursuant to K.S.A. 72-6431, and*  
3 *amendments thereto. All such property to the extent herein provided shall*  
4 *be exempt from taxation to the extent herein provided only for a period*  
5 *of 10 calendar years after the calendar year in which the bonds were*  
6 *issued. Such exemption shall terminate upon the failure to pay all taxes*  
7 *levied on the property, and the entire property shall be subject to sale in*  
8 *the manner prescribed by K.S.A. 79-2301 et seq., and amendments*  
9 *thereto. Property constructed or purchased in whole or in part with the*  
10 *proceeds of revenue bonds issued on or after January 1, 1995, under the*  
11 *authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments*  
12 *thereto, and used in any retail enterprise identified under the standard*  
13 *industrial classification codes, major groups 52 through 59, inclusive, ex-*  
14 *cept facilities used exclusively to house the headquarters or back office*  
15 *operations of such retail enterprises identified thereunder, shall not be*  
16 *exempt from taxation. For the purposes of the preceding provision “stan-*  
17 *dard industrial classification code” means a standard industrial classifi-*  
18 *cation code published in the Standard Industrial Classification manual,*  
19 *1987, as prepared by the statistical policy division of the office of man-*  
20 *agement and budget of the office of the president of the United States.*  
21 *“Headquarters or back office operations” means a facility from which the*  
22 *enterprise is provided direction, management, administrative services, or*  
23 *distribution or warehousing functions in support of transactions made by*  
24 *the enterprise. Property purchased, constructed, reconstructed,*  
25 *equipped, maintained or repaired with the proceeds of industrial revenue*  
26 *bonds issued under the authority of K.S.A. 12-1740 et seq., and amend-*  
27 *ments thereto, which is located in a redevelopment project area estab-*  
28 *lished under the authority of K.S.A. 12-1770 et seq. shall not be exempt*  
29 *from taxation. Property purchased, acquired, constructed, reconstructed,*  
30 *improved, equipped, furnished, repaired, enlarged or remodeled with all*  
31 *or any part of the proceeds of revenue bonds issued under authority of*  
32 *K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto for any*  
33 *poultry confinement facility on agricultural land which is owned, ac-*  
34 *quired, obtained or leased by a corporation, as such terms are defined by*  
35 *K.S.A. 17-5903 and amendments thereto, shall not be exempt from such*  
36 *taxation. Property purchased, acquired, constructed, reconstructed, im-*  
37 *proved, equipped, furnished, repaired, enlarged or remodeled with all or*  
38 *any part of the proceeds of revenue bonds issued under the authority of*  
39 *K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, for a*  
40 *rabbit 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 *Third. All works, machinery and fixtures used exclusively by any rural*

1 water district or township water district for conveying or production of  
2 potable water in such rural water district or township water district, and  
3 all works, machinery and fixtures used exclusively by any entity which  
4 performed the functions of a rural water district on and after January 1,  
5 1990, and the works, machinery and equipment of which were exempted  
6 hereunder on March 13, 1995.

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

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

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

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

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

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

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

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

38 *Twelfth.* All buildings erected under the authority of K.S.A. 76-6a01 *et*  
39 *seq.*, and amendments thereto, and all other student union buildings and  
40 student dormitories erected upon the campus of any institution men-  
41 tioned in K.S.A. 76-6a01, and amendments thereto, by any other non-  
42 profit corporation.

43 *Thirteenth.* All buildings, as the same is defined in subsection (c) of

1 K.S.A. 76-6a13, and amendments thereto, which are erected, constructed  
2 or acquired under the authority of K.S.A. 76-6a13 *et seq.*, and amend-  
3 ments thereto, and building sites acquired therefor.

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

9 *Fifteenth.* All property, real and personal, owned by a groundwater  
10 management district organized and operating pursuant to K.S.A. 82a-  
11 1020, and amendments thereto.

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

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

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

27 *Nineteenth.* For all taxable years commencing after December 31,  
28 1997, all buildings of an area vocational school, an area vocational-tech-  
29 nical school, a technical college or a community college, as defined by  
30 K.S.A. 72-4412, and amendments thereto, which are owned and operated  
31 by any such school or college as a student union or dormitory and the  
32 site upon which any such building is located.

33 *Twentieth.* For all taxable years commencing after December 31,  
34 1997, all personal property which is contained within a dormitory that is  
35 exempt from property taxation and which is necessary for the accom-  
36 modation of the students residing therein.

37 Except as otherwise specifically provided, the provisions of this section  
38 shall apply to all taxable years commencing after December 31, 2000.

39 Sec. 3. K.S.A. 2002 Supp. 79-201a is hereby repealed.

40 Sec. 4. This act shall take effect and be in force from and after its  
41 publication in the Kansas register.

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