

HOUSE BILL No. 2897

By Committee on Taxation

2-18

10 AN ACT concerning property taxation; relating to public utilities; ex-
11 emptions; amending K.S.A. 79-201f and K.S.A. 2003 Supp. 79-5a01
12 and repealing the existing sections.

13
14 *Be it enacted by the Legislature of the State of Kansas:*

15 Section 1. K.S.A. 79-201f is hereby amended to read as follows: 79-
16 201f. The following described property, to the extent herein specified,
17 shall be and is hereby exempt from all property or ad valorem taxes levied
18 under the laws of the state of Kansas:

19 (a) ~~Personal property which is moving in interstate commerce~~
20 ~~through or over the territory of the state of Kansas, [Personal property~~
21 **which is moving in interstate commerce through or over the ter-**
22 **ritory of the state of Kansas, except public utility inventories sub-**
23 **ject to taxation pursuant to K.S.A. 79-5a01 et seq., and amendments**
24 **thereto;]**

25 ~~(b)~~ [(b)] Personal property which has been shipped into the state of
26 Kansas from outside the state which is stored in a warehouse or storage
27 area operated by a warehouseman if such warehouseman keeps records
28 of such property showing point of origin, date of receipt, type and quan-
29 tity, date of withdrawal and ultimate destination notwithstanding (1) that
30 the final destination of such personal property is unknown at the time of
31 storage in Kansas or (2) that the interstate movement of such personal
32 property has been interrupted for not more than five years by such storage
33 in Kansas for reasons relating to the convenience, pleasure or business of
34 the shipper or owner of the property unless the ultimate destination of
35 the property is within the state of Kansas; and

36 ~~(c)~~ [(c)] goods, wares and merchandise which are manufactured,
37 assembled, joined, processed, packaged or labeled within this state, dur-
38 ing the period of time in which they are stored in a warehouse or storage
39 area operated by a warehouseman if such warehouseman keeps records
40 of such property showing point of origin, date of receipt, type and quan-
41 tity, date of withdrawal and ultimate destination. In order to qualify goods,
42 wares and merchandise in any such warehouse or storage area for the
43 exemption from taxation under this subsection, the owner of such goods,

1 wares and merchandise must show by verified statement that the final
2 destination of at least 30% of the sale or shipments from such warehouse
3 or storage area during the previous calendar year were shipped in inter-
4 state commerce to a point outside the state of Kansas, and the amount
5 of exempt property shall be computed as follows: The owner shall furnish
6 the county appraiser with a report of the monthly average inventory for
7 the preceding calendar year and a report of the value of shipments for
8 final destination outside the state for each month of the previous calendar
9 year. The owner shall be entitled to exemption of a percent of the average
10 monthly inventory equivalent to the percent of value of total shipments
11 to the value of shipments that were made in interstate commerce to points
12 outside the state.

13 ~~(d)~~ ~~(e)~~ [(d)] For the purposes of this section, “warehouseman” means
14 any person, except a public utility as defined in K.S.A. 79-5a01 and
15 amendments thereto, who is engaged in the business of storing goods for
16 hire or who stores such person’s own goods.

17 The provisions of this section shall apply to all taxable years commenc-
18 ing after December 31, 1983.

19 Sec. 2. K.S.A. 2003 Supp. 79-5a01 is hereby amended to read as
20 follows: 79-5a01. (a) As used in this act, the terms “public utility” or
21 “public utilities” ~~shall mean~~ *means* every individual, company, corpora-
22 tion, association of persons, *brokers*, lessees or receivers that *now or here-*
23 *after own, control and hold for resale stored natural gas in an under-*
24 *ground formation in this state, or now or hereafter are in control, manage*
25 *or operate a business of:*

26 (1) A railroad or railroad corporation if such railroad or railroad cor-
27 poration owns or holds, by deed or other instrument, an interest in right-
28 of-way, track, franchise, roadbed or trackage in this state;

29 (2) transmitting to, from, through or in this state telegraphic
30 messages;

31 (3) transmitting to, from, through or in this state telephonic messages;

32 (4) transporting or distributing to, from, through or in this state nat-
33 ural gas, oil or other commodities in pipes or pipelines, or engaging pri-
34 marily in the business of storing natural gas in an underground formation;

35 (5) generating, conducting or distributing to, from, through or in this
36 state electric power;

37 (6) transmitting to, from, through or in this state water if for profit
38 or subject to regulation of the state corporation commission; *and*

39 (7) transporting to, from, through or in this state cargo or passengers
40 by means of any vessel or boat used in navigating any of the navigable
41 watercourses within or bordering upon this state.

42 (b) The terms “public utility” or “public utilities” shall not include:

43 (1) Rural water districts established under the laws of the state of Kansas;

1 or (2) any individual, company, corporation, association of persons, lessee
2 or receiver owning or operating an oil or natural gas production gathering
3 line which is situated within one county in this state and does not cross
4 any state boundary line; (3) any individual, company, corporation, asso-
5 ciation of persons, lessee or receiver owning any vessel or boat operated
6 upon the surface of any manmade waterway located entirely within one
7 county in the state; or (4) for all taxable years commencing after Decem-
8 ber 31, 1998, any natural gas distribution system which is owned and
9 operated by a nonprofit public utility described by K.S.A. 66-104c, and
10 amendments thereto, and which is operated predominantly for the pur-
11 pose of providing fuel for the irrigation of land devoted to agricultural
12 use.

13 *(c) The provisions of subsection (a) as amended by this act shall be*
14 *applicable to all taxable years commencing after December 31, 2003.*

15 Sec. 3. K.S.A. 79-201f and K.S.A. 2003 Supp. 79-5a01 are hereby
16 repealed.

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