

HOUSE BILL No. 2044

AN ACT concerning property taxation; relating to exemptions; certain tax reduction assistance funds, distributions; relating to growth in assessed valuation; authorizing certain interlocal cooperation agreements, provisions; transfer of property, taxation; tax levy rate, school finance; valuation of vessels; amending K.S.A. 2006 Supp. 72-6431, 79-201a, 79-201d, 79-201x, 79-306e, 79-2978 and 79-2979 and repealing the existing sections.

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

New Section 1. (a) The board of county commissioners of any two or more counties may enter into an interlocal cooperation agreement under K.S.A. 12-2901 et seq., and amendments thereto, to jointly promote economic development at any location or locations within the geographical boundaries of any one or more of such counties in accordance with the provisions of K.S.A. 19-4101 et seq., and amendments thereto.

(b) Notwithstanding any other provision of law to the contrary, any such interlocal cooperation agreement may:

(1) Provide for the establishment of a strategic, multi-year economic development plan that identifies any capital improvement, infrastructure or other needs, or combination thereof, within the geographical boundaries of the counties which have entered into such agreement and addresses those needs, on a prioritized basis, to promote economic development activities by any public agency, private agency or combination of such agencies within the geographical boundaries of such counties;

(2) provide for the creation of a separate legal entity that shall be authorized to exercise all powers conferred upon separate legal entities under the provisions of K.S.A. 12-2904a, and amendments thereto, and all powers conferred upon incorporated industrial districts under the provisions of K.S.A. 19-3808, and amendments thereto, within the geographical boundaries of the counties which have entered into such agreement in connection with the execution, implementation, management or conduct, or combination thereof, of the joint or cooperative economic development activities set forth in the agreement;

(3) provide that the separate legal entity described in subsection (b)(2) shall use any dues, fees, assessments and other financial contributions from member public agencies; any receipts from any general tax levied on all tangible property within the geographical boundaries of all of the counties which have entered into such agreement to support economic development activities set forth in the agreement; any proceeds of bonds, notes, loans or other authorized forms of indebtedness; any grants, gifts or donations from public and private agencies; and any other authorized source of revenue to create an economic development fund to further the objects and purposes set forth in the agreement. Such agreement shall provide that such separate legal entity shall make such expenditures, transfers, including grants and loans and disbursements from the economic development fund deemed necessary or otherwise appropriate in connection with any established economic development project or activity at any location or locations within the geographical boundaries of any one or more of such counties; and

(4) provide that consideration for participation in the agreement may include a system of revenue-sharing assessments or transfers among and between the counties which have entered into such agreement based on the growth in assessed valuation of the property subject to the interlocal cooperation agreement.

(c) A copy of the interlocal cooperation agreement shall be filed with the county clerk and provided to the county or district appraiser of each county which has entered into such agreement.

(d) The county or district appraiser of each county which has entered into the interlocal cooperation agreement shall certify the amount of any increase in assessed valuation of the property subject to the interlocal cooperation agreement and shall furnish such information to the county clerk of each such county on or before June 15 of each year.

Sec. 2. K.S.A. 2006 Supp. 79-2978 is hereby amended to read as follows: 79-2978. (a) There is hereby established in the state treasury the business machinery and equipment tax reduction assistance fund which shall be administered by the state treasurer. All expenditures from the business machinery and equipment tax reduction assistance fund shall be for the payments to counties for distribution to taxing subdivisions levying ad valorem taxes within the county in accordance with this section.

(b) The secretary of revenue shall adopt a policy using the most cur-

rent information that is available, and that is determined to be practicable by the secretary for this purpose and shall calculate the following:

(1) On January 31, 2008, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county *on commercial and industrial machinery and equipment* for all taxing subdivisions within the county imposing ad valorem taxes on commercial and industrial machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2007 *not including any such ad valorem taxes on commercial and industrial machinery and equipment that were abated or exempted prior to July 1, 2006, and which such abatement or exemption expired after July 1, 2006.* On or before February 15, 2008, subject to the provisions of subsection ~~(e)~~ (d), the state treasurer shall pay to the county treasurer of each county an amount equal to 90% of such difference for distribution as provided in subsection ~~(d)~~ (e).

(2) On January 31, 2009, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county *on commercial and industrial machinery and equipment* for all taxing subdivisions within the county imposing ad valorem taxes on commercial and industrial machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2008 *not including any such ad valorem taxes on commercial and industrial machinery and equipment that were abated or exempted prior to July 1, 2006, and which such abatement or exemption expired after July 1, 2006.* On or before February 15, 2009, subject to the provisions of subsection ~~(e)~~ (d), the state treasurer shall pay to the county treasurer of each county an amount equal to 70% of such difference for distribution as provided in subsection ~~(d)~~ (e).

(3) On January 31, 2010, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county *on commercial and industrial machinery and equipment* for all taxing subdivisions within the county imposing ad valorem taxes on commercial and industrial machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2009 *not including any such ad valorem taxes on commercial and industrial machinery and equipment that were abated or exempted prior to July 1, 2006, and which such abatement or exemption expired after July 1, 2006.* On or before February 15, 2010, subject to the provisions of subsection ~~(e)~~ (d), the state treasurer shall pay to the county treasurer of each county an amount equal to 50% of such difference for distribution as provided in subsection ~~(d)~~ (e).

(4) On January 31, 2011, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county *on commercial and industrial machinery and equipment* for all taxing subdivisions within the county imposing ad valorem taxes on commercial and industrial machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2010 *not including any such ad valorem taxes on commercial and industrial machinery and equipment that were abated or exempted prior to July 1, 2006, and which such abatement or exemption expired after July 1, 2006.* On or before February 15, 2011, subject to the provisions of subsection ~~(e)~~ (d), the state treasurer shall pay to the county treasurer of each county an amount equal to 30% of such difference for distribution as provided in subsection ~~(d)~~ (e).

(5) On January 31, 2012, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county *on commercial and industrial machinery and equipment* for all taxing subdivisions within the county imposing ad valorem taxes on commercial and industrial machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2011 *not including any such ad valorem taxes on commercial and industrial machinery and equipment that were abated or exempted prior to July 1, 2006, and which such abatement or exemption expired after July 1, 2006.* On or before February 15, 2012, subject to the provisions of subsection ~~(e)~~ (d), the state treasurer shall pay to the county treasurer of each county an amount equal to 10% of such difference for distribution as provided in subsection ~~(d)~~ (e).

(6) There shall be no payments made pursuant to this section after

the payments made by the state treasurer on or before February 15, 2012, and the provisions of this section shall expire at such time.

(c) *The calculations required by subsection (b) shall be based upon a certification made by the county clerk on or before November 15 of the tax year and submitted to the director of property valuation. Such certification shall be in a format devised and prescribed by the director of property valuation. Such certification shall report the total ad valorem taxes levied by the county on commercial and industrial machinery and equipment for all taxing subdivisions within the county imposing ad valorem taxes on commercial and industrial machinery and equipment. The county clerk shall provide a copy of such certification to the county treasurer for the purpose of determining the distribution of moneys pursuant to the provisions of subsection (e)(2) paid to the county pursuant to subsection (b) by the state treasurer.*

(d) If the amount calculated for the difference in subsections (b)(1) through (b)(5) is negative, the amount calculated for such county for such year shall be deemed to be zero and no amount shall be paid to the county treasurer of such county as otherwise provided in subsection (b). Nothing in this section shall be construed to require the county to make any payments to the state in such event that the amount calculated for the difference is negative for the county for such year.

~~(d)~~ (e) (1) On January 31 of each year specified in this section, the secretary of revenue shall certify to the director of accounts and reports the aggregate of all amounts determined for counties pursuant to subsection (b). Upon receipt of such certification, the director of accounts and reports shall transfer the amount certified from the state general fund to the business machinery and equipment tax reduction assistance fund.

(2) The state treasurer shall apportion and distribute the moneys credited to the business machinery and equipment tax reduction assistance fund to the county treasurers in accordance with subsection (b). Upon receipt of each such amount, each county treasurer shall apportion such amount among the ad valorem taxing subdivisions *imposing ad valorem taxes on commercial and industrial machinery and equipment in the same proportion that the amount of the total mill levy of each individual taxing subdivision for the preceding tax year bears to the aggregate of such levies of all the taxing subdivisions among which the apportionment is to be made* an amount equal to the difference between the total ad valorem taxes on commercial and industrial machinery and equipment levied by each such ad valorem taxing subdivision for the tax year 2005 and the total ad valorem taxes on commercial and industrial machinery and equipment levied by each such ad valorem taxing subdivision for the tax year of the apportionment, subject to the percentage reduction set forth in subsection (b) for the tax year of the apportionment of such moneys to that county. The county treasurer shall pay such amounts to the taxing subdivisions at the same time or times as their regular operating tax rate mill levy is paid to them.

~~(e)~~ (f) Before January 31 of 2007 through 2013, the secretary of revenue shall make a detailed report of amounts calculated as required pursuant to subsection (b) for each individual county and in aggregate for all the counties for the current year along with any projections for future years, amounts distributed to the counties pursuant to this section, *the amount of ad valorem taxes on commercial and industrial machinery and equipment not included in the total ad valorem taxes for each tax year due to the fact that the tax liability of such machinery and equipment was abated or exempted prior to July 1, 2006, and such abatement or exemption expired after July 1, 2006, for each individual county and in aggregate for all counties* and all other relevant information related to the provisions of this section, and shall present such report before such date to the house committee on taxation of the house of representatives and the senate committee on assessment and taxation of the senate for consideration by the legislature in making any appropriate adjustments to the provisions of this section.

Sec. 3. K.S.A. 2006 Supp. 79-2979 is hereby amended to read as follows: 79-2979. (a) There is hereby established in the state treasury the telecommunications and railroad machinery and equipment tax reduction assistance fund which shall be administered by the state treasurer. All expenditures from the telecommunications and railroad machinery and

equipment tax reduction assistance fund shall be for the payments to counties for distribution to taxing subdivisions levying ad valorem taxes within the county in accordance with this section.

(b) The secretary of revenue shall adopt a policy using the most current information that is available, and that is determined to be practicable by the secretary for this purpose and shall calculate the following:

(1) On January 31, 2008, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county *on telecommunications machinery and equipment and railroad machinery and equipment* for all taxing subdivisions within the county imposing ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2007 *not including any such ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment that were abated or exempted prior to July 1, 2006, and which such abatement or exemption expired after July 1, 2006*. On or before February 15, 2008, subject to the provisions of subsection (c), the state treasurer shall pay to the county treasurer of each county an amount equal to 90% of such difference for distribution as provided in subsection (d).

(2) On January 31, 2009, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county *on telecommunications machinery and equipment and railroad machinery and equipment* for all taxing subdivisions within the county imposing ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2008 *not including any such ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment that were abated or exempted prior to July 1, 2006, and which such abatement or exemption expired after July 1, 2006*. On or before February 15, 2009, subject to the provisions of subsection (c), the state treasurer shall pay to the county treasurer of each county an amount equal to 70% of such difference for distribution as provided in subsection (d).

(3) On January 31, 2010, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county *on telecommunications machinery and equipment and railroad machinery and equipment* for all taxing subdivisions within the county imposing ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2009 *not including any such ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment that were abated or exempted prior to July 1, 2006, and which such abatement or exemption expired after July 1, 2006*. On or before February 15, 2010, subject to the provisions of subsection (c), the state treasurer shall pay to the county treasurer of each county an amount equal to 50% of such difference for distribution as provided in subsection (d).

(4) On January 31, 2011, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county *on telecommunications machinery and equipment and railroad machinery and equipment* for all taxing subdivisions within the county imposing ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2010 *not including any such ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment that were abated or exempted prior to July 1, 2006, and which such abatement or exemption expired after July 1, 2006*. On or before February 15, 2011, subject to the provisions of subsection (c), the state treasurer shall pay to the county treasurer of each county an amount equal to 30% of such difference for distribution as provided in subsection (d).

(5) On January 31, 2012, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county *on telecommunications machinery and equipment and railroad machinery and equipment* for all taxing subdivisions within the county imposing ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment for tax year 2005, and the

total of such ad valorem taxes levied for tax year 2011 *not including any such ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment that were abated or exempted prior to July 1, 2006, and which such abatement or exemption expired after July 1, 2006.* On or before February 15, 2012, subject to the provisions of subsection (c), the state treasurer shall pay to the county treasurer of each county an amount equal to 10% of such difference for distribution as provided in subsection (d).

(6) There shall be no payments made pursuant to this section after the payments made by the state treasurer on or before February 15, 2012, and the provisions of this section shall expire at such time.

(c) If the amount calculated for the difference in subsections (b)(1) through (b)(5) is negative, the amount calculated for such county for such year shall be deemed to be zero and no amount shall be paid to the county treasurer of such county as otherwise provided in subsection (b). Nothing in this section shall be construed to require the county to make any payments to the state in such event that the amount calculated for the difference is negative for the county for such year.

(d) (1) On January 31 of each year specified in this section, the secretary of revenue shall certify to the director of accounts and reports the aggregate of all amounts determined for counties pursuant to subsection (b). Upon receipt of such certification, the director of accounts and reports shall transfer the amount certified from the state general fund to the telecommunications and railroad machinery and equipment tax reduction assistance fund.

(2) The state treasurer shall apportion and distribute the moneys credited to the telecommunications and railroad machinery and equipment tax reduction assistance fund to the county treasurers in accordance with subsection (b). Upon receipt of each such amount, each county treasurer shall apportion such amount among the ad valorem taxing subdivisions *imposing ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment in the same proportion that the amount of the total mill levy of each individual taxing subdivision for the preceding tax year bears to the aggregate of such levies of all the taxing subdivisions among which the apportionment is to be made* an amount equal to the difference between the total ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment levied by each such ad valorem taxing subdivision for the tax year 2005 and the total ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment levied by each such ad valorem taxing subdivision for the tax year of the apportionment, subject to the percentage reduction set forth in subsection (b) for the tax year of the apportionment of such moneys to that county. The county treasurer shall pay such amounts to the taxing subdivisions at the same time or times as their regular operating tax rate mill levy is paid to them.

(e) Before January 31 of 2007 through 2013, the secretary of revenue shall make a detailed report of amounts calculated as required pursuant to subsection (b) for each individual county and in aggregate for all the counties for the current year along with any projections for future years, amounts distributed to the counties pursuant to this section, *the amount of ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment not included in the total of ad valorem taxes for each tax year due to the fact that the tax liability of such machinery and equipment was abated or exempted prior to July 1, 2006, and the abatement or exemption expired after July 1, 2006, for each individual county and in aggregate for all counties* and all other relevant information related to the provisions of this section, and shall present such report before such date to the house committee on taxation of the house of representatives and the senate committee on assessment and taxation of the senate for consideration by the legislature in making any appropriate adjustments to the provisions of this section.

New Sec. 4. Notwithstanding any provision of law to the contrary, for the purpose of facilitating the sale or transfer of the Kuhlman Die-casting property located at 16400 Mission Road, Johnson county, Kansas, the board of county commissioners of Johnson county, upon a majority

vote, may cancel all or a part thereof, of any uncollected real estate taxes and penalties on such property. Such property is legally described as:

THAT PART OF THE EAST HALF OF THE SOUTHEAST QUARTER OF SECTION 16, TOWNSHIP 14, RANGE 25, IN JOHNSON COUNTY, KANSAS, DESCRIBED AS FOLLOWS: BEGINNING AT THE NORTHEAST CORNER OF SAID SOUTHEAST QUARTER; THENCE WEST ALONG THE NORTH LINE OF SAID SOUTHEAST QUARTER TO THE NORTHWEST CORNER OF THE EAST HALF OF SAID SOUTHEAST QUARTER; THENCE SOUTH ON THE LINE RUNNING NORTH AND SOUTH THROUGH THE CENTER OF SAID QUARTER SECTION 441 FEET, CROSSING THE BIG BLUE RIVER, TO A POINT 6 FEET SOUTH OF THE SOUTH BANK OF SAID RIVER; THENCE SOUTHERLY AND FOLLOWING THE SOUTHERLY AND WESTERLY BANK OF SAID RIVER AND 6 FEET DISTANT THEREFROM TO THE CENTER OF WHAT IS KNOWN AS CAMP BRANCH; THENCE DOWN THE CENTER OF SAID BRANCH TO THE CENTER OF SAID BIG BLUE RIVER; THENCE FOLLOWING DOWN THE CENTER OF SAID RIVER TO THE EAST LINE OF SAID SECTION 16; THENCE NORTH ALONG THE EAST LINE OF SAID SECTION TO THE PLACE OF BEGINNING; BUT EXCEPTING THEREFROM THE RIGHT OF WAY OF THE MISSOURI PACIFIC RAILROAD; AND ALSO EXCEPTING THEREFROM ALL THAT PART OF THE NORTH 154 FEET OF SAID SOUTHEAST QUARTER WHICH LIES EAST OF SAID MISSOURI PACIFIC RAILROAD RIGHT OF WAY.

Sec. 5. K.S.A. 2006 Supp. 72-6431 is hereby amended to read as follows: 72-6431. (a) The board of each district shall levy an ad valorem tax upon the taxable tangible property of the district in the school years specified in subsection (b) for the purpose of:

(1) Financing that portion of the district's general fund budget which is not financed from any other source provided by law;

(2) paying a portion of the costs of operating and maintaining public schools in partial fulfillment of the constitutional obligation of the legislature to finance the educational interests of the state; and

(3) with respect to any redevelopment district established prior to July 1, 1997, pursuant to K.S.A. 12-1771, and amendments thereto, paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district.

(b) The tax required under subsection (a) shall be levied at a rate of 20 mills in the school year ~~2005-2006 and school year 2006-2007~~ 2007-2008 and school year 2008-2009.

(c) The proceeds from the tax levied by a district under authority of this section, except the proceeds of such tax levied for the purpose of paying a portion of the principal and interest on bonds issued by cities under authority of K.S.A. 12-1774, and amendments thereto, for the financing of redevelopment projects upon property located within the district, shall be deposited in the general fund of the district.

(d) On June 6 of each year, the amount, if any, by which a district's local effort exceeds the amount of the district's state financial aid, as determined by the state board, shall be remitted to the state treasurer. Upon receipt of any such remittance, the state treasurer shall deposit the same in the state treasury to the credit of the state school district finance fund.

(e) No district shall proceed under K.S.A. 79-1964, 79-1964a or 79-1964b, and amendments thereto.

Sec. 6. K.S.A. 2006 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 et seq., and amendments thereto, optometry services by a person licensed by the board of examiners in optometry pursuant to K.S.A. 65-1501 et seq., and amendments thereto, or K.S.A. 74-1501 et seq., and amendments thereto, podiatry services by a person licensed by the board of healing arts pursuant to K.S.A. 65-2001 et seq., and amendments thereto, or the practice of psychology by a person licensed by the behavioral sciences regulatory board pursuant to K.S.A. 74-5301 et seq., and amendments thereto, shall be construed to be a governmental function, and such property actually and regularly used for such purpose shall be deemed to be used exclusively for the purposes of this paragraph. The lease by a municipality or political subdivision of the state of any real property, or portion thereof, owned or being acquired pursuant to a lease-purchase agreement to any entity for the exclusive use by it for an exempt purpose, including the purpose of displaying or exhibiting personal property by a museum or historical society, if no portion of the lease payments include compensation for return on the investment in such leased property shall be deemed to be used exclusively for the purposes of this paragraph. All property leased, other than property being acquired pursuant to a lease-purchase agreement, to the state or any municipality or political subdivision of the state by any private entity shall not be considered to be used exclusively by the state or any municipality or political subdivision of the state for the purposes of this section except that the provisions of this sentence shall not apply to any such property subject to lease on the effective date of this act until the term of such lease expires but property taxes levied upon any such property prior to tax year 1989, shall not be abated or refunded. Any property constructed or purchased with the proceeds of industrial revenue bonds issued prior to July 1, 1963, as authorized by K.S.A. 12-1740 to 12-1749, or purchased with proceeds of improvement district bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-2776, or with proceeds of bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-3815a and 19-3815b, or any property improved, purchased, constructed, reconstructed or repaired with the proceeds of revenue bonds issued prior to July 1, 1963, as authorized by K.S.A. 13-1238 to 13-1245, inclusive, or any property improved, reimproved, reconstructed or repaired with the proceeds of revenue bonds issued after July 1, 1963, under the authority of K.S.A. 13-1238 to 13-1245, inclusive, which had previously been improved, reconstructed or repaired with the proceeds of revenue bonds issued under such act on or before July 1, 1963, shall be exempt from taxation for so long as any of the revenue bonds issued to finance such construction, reconstruction, improvement, repair or purchase shall be outstanding and unpaid. Any property constructed or purchased with the proceeds of any revenue bonds authorized by K.S.A. 13-1238 to 13-1245, inclusive, 19-2776, 19-3815a and 19-3815b, and amendments thereto, issued on or after July 1, 1963, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Any property, all or any portion of which is constructed or purchased with the proceeds of revenue bonds authorized by K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, issued on or after July 1, 1963 and prior to July 1, 1981, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Except as hereinafter provided, any property constructed or purchased wholly with the proceeds of revenue bonds issued on or after July 1, 1981, under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, shall be exempt from taxation only for a period of 10 calendar years after the calendar year in which the bonds were issued. Except as hereinafter provided, any property constructed or purchased in part with

the proceeds of revenue bonds issued on or after July 1, 1981, under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, shall be exempt from taxation to the extent of the value of that portion of the property financed by the revenue bonds and only for a period of 10 calendar years after the calendar year in which the bonds were issued. The exemption of that portion of the property constructed or purchased with the proceeds of revenue bonds shall terminate upon the failure to pay all taxes levied on that portion of the property which is not exempt and the entire property shall be subject to sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments thereto. Property constructed or purchased in whole or in part with the proceeds of revenue bonds issued on or after January 1, 1995, under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, and used in any retail enterprise identified under the standard industrial classification codes, major groups 52 through 59, inclusive, except facilities used exclusively to house the headquarters or back office operations of such retail enterprises identified thereunder, shall not be exempt from taxation. For the purposes of the preceding provision “standard industrial classification code” means a standard industrial classification code published in the Standard Industrial Classification manual, 1987, as prepared by the statistical policy division of the office of management and budget of the office of the president of the United States. “Headquarters or back office operations” means a facility from which the enterprise is provided direction, management, administrative services, or distribution or warehousing functions in support of transactions made by the enterprise. Property purchased, constructed, reconstructed, equipped, maintained or repaired with the proceeds of industrial revenue bonds issued under the authority of K.S.A. 12-1740 et seq., and amendments thereto, which is located in a redevelopment project area established under the authority of K.S.A. 12-1770 et seq., shall not be exempt from taxation. Property purchased, acquired, constructed, reconstructed, improved, equipped, furnished, repaired, enlarged or remodeled with all or any part of the proceeds of revenue bonds issued under authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto for any poultry confinement facility on agricultural land which is owned, acquired, obtained or leased by a corporation, as such terms are defined by K.S.A. 17-5903 and amendments thereto, shall not be exempt from such taxation. Property purchased, acquired, constructed, reconstructed, improved, equipped, furnished, repaired, enlarged or remodeled with all or any part of the proceeds of revenue bonds issued under the authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments thereto, for a rabbit confinement facility on agricultural land which is owned, acquired, obtained or leased by a corporation, as such terms are defined by K.S.A. 17-5903 and amendments thereto, shall not be exempt from such taxation.

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

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

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

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

Seventh. All property of a municipality, acquired or held under and for the purposes of the urban renewal law (K.S.A. 17-4742 et seq.) and amendments thereto except that such tax exemption shall terminate when the municipality sells, leases or otherwise disposes of such property in an

urban renewal area to a purchaser or lessee which is not a public body entitled to tax exemption with respect to such property.

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

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

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

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

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

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

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

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

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

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

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

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

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

Twenty-First. All real property from and after the date of its transfer by the city of Olathe, Kansas, to the Kansas state university foundation, all buildings and improvements thereafter erected and located on such property, and all tangible personal property, which is held, used or operated for educational and research purposes at the Kansas state university Olathe innovation campus located in the city of Olathe, Kansas.

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

Sec. 7. K.S.A. 2006 Supp. 79-201d is hereby amended to read as follows: 79-201d. The following described property, to the extent herein

specified, shall be and is hereby exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

First. All hay and silage. The term “hay” shall include alfalfa, brome, clover, and prairie hays and all other grasses and plants which are harvested for forage. The term “silage” shall include corn, milo, sorghum and all other plants, cut, compressed and preserved by its own fermentation for fodder.

Second. All farm storage and drying equipment meeting eligibility requirements, as provided in Title 7, Chapter XIV, Subchapter B, Part 1474 of the Code of Federal Regulations and as in effect on December 31, 1977, for loans under the federal farm storage and drying equipment loan program, whether financed or not, and all used farm storage and drying equipment meeting such eligibility requirements but for the fact that the same was not purchased from the commodity credit corporation, which equipment is used for the storage or drying of haylage, silage, corn, oats, barley, grain sorghum, wheat, rye, soybeans, flaxseed, rice, dry edible beans or sunflower seed, for any eight of the 10 calendar years next following the calendar year in which such equipment is acquired or construction thereof is completed. The exemption provided for in this paragraph shall be limited to a total of eight years for each individual farm storage and drying equipment. The provisions of this subsection shall apply to equipment acquired or the construction of which was completed during the calendar year 1977, or any year thereafter.

Third. All farm storage structures designed and predominantly used for the storage of hay, for any eight of the 10 calendar years next following the calendar year in which such farm storage structure was newly constructed or first assembled. The exemption provided for in this paragraph shall be limited to a total of eight years for each individual farm storage structure. The provisions of this paragraph shall apply to farm storage structures newly constructed or first assembled after December 31, 2004.

Fourth. All storage structures designed and predominantly used for the storage of cellulose matter or other related agriculturally derived material to be used in the production of cellulosic alcohol and coproducts, for any eight of the 10 calendar years next following the calendar year in which such storage structure was newly constructed or first assembled. The exemption provided for in this paragraph shall be limited to a total of eight years for each such individual storage structure. The provisions of this paragraph shall apply to such storage structures newly constructed or first assembled after December 31, 2006.

The provisions of this section shall apply to all taxable years commencing after December 31, ~~2004~~ 2006.

Sec. 8. K.S.A. 2006 Supp. 79-201x is hereby amended to read as follows: 79-201x. For taxable years ~~2005 and 2006~~ 2007 and 2008, the following described property, to the extent herein specified, shall be and is hereby exempt from the property tax levied pursuant to the provisions of K.S.A. 72-6431, and amendments thereto: Property used for residential purposes to the extent of \$20,000 of its appraised valuation.

Sec. 9. K.S.A. 2006 Supp. 79-306e is hereby amended to read as follows: 79-306e. (a) The value for property tax purposes of any vessel, as defined by K.S.A. 32-1102, and amendments thereto, which is acquired or sold after January 1 and prior to September 1 of any taxable year shall be equal to the value determined therefor pursuant to K.S.A. 79-503a, and amendments thereto, multiplied by: (1) In the case of a sale, a fraction the numerator of which is the number of months, or major portion thereof, such vessel was owned by the record owner thereof during the taxable year in which such vessel was sold, and the denominator of which is 12; and (2) in the case of an acquisition, a fraction the numerator of which is the number of months, or major portion thereof, remaining in the taxable year after the date of acquisition by the record owner thereof, and the denominator of which is 12.

(b) *On or after July 1, 2007*, notice of the acquisition or sale of any such vessel shall be provided by the record owner thereof to the appropriate county appraiser ~~within 30 days after~~ *on or before December 20 of the year of* such acquisition or sale. Upon receipt of such notice, and after computation of the value of any such vessel in accordance with the provision of subsection (a), a notification or revised notification of value shall be mailed to the taxpayer.

(c) Vessels acquired after September 1 of a taxable year shall not be subject to assessment and taxation for such year, except as provided by paragraph (1) of subsection (a).

(d) The provisions of this section shall apply to all taxable years commencing after December 31, 2002.

Sec. 10. K.S.A. 2006 Supp. 72-6431, 79-201a, 79-201d, 79-201x, 79-306e, 79-2978 and 79-2979 are hereby repealed.

Sec. 11. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the HOUSE, and passed that body

HOUSE adopted
Conference Committee Report _____

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE
as amended _____

SENATE adopted
Conference Committee Report _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.