

[As Amended by House Committee of the Whole]

As Amended by House Committee

As Amended by Senate Committee

Session of 2008

## SENATE BILL No. 510

By Committee on Assessment and Taxation

1-29

14 AN ACT concerning property taxation; relating to exemptions; certain  
15 farm machinery and equipment; **classification and valuation of cer-**  
16 **tain property used in business or industry**; amending K.S.A. 2007  
17 Supp. 79-201j [**and 79-223**] and repealing the existing ~~section~~  
18 [**sections**].

19

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

21 Section 1. K.S.A. 2007 Supp. 79-201j is hereby amended to read as  
22 follows: 79-201j. The following described property, to the extent specified  
23 by this section, shall be exempt from all property or ad valorem taxes  
24 levied under the laws of the state of Kansas:

25 (a) All farm machinery and equipment. The term “farm machinery  
26 and equipment” means that personal property actually and regularly used  
27 in any farming or ranching operation. The term “farm machinery and  
28 equipment” shall include: (1) Machinery and equipment comprising a  
29 natural gas distribution system which is owned and operated by a non-  
30 profit public utility described by K.S.A. 66-104c, and amendments  
31 thereto, and which is operated predominantly for the purpose of provid-  
32 ing fuel for the irrigation of land devoted to agricultural use; ~~and~~ (2) *any*  
33 *bed, body or box that is attached to a motor vehicle and is actually and*  
34 *regularly used in any farming or ranching operation, except for a bed,*  
35 *body or box that is attached to the motor vehicle by the motor ve-*  
36 *hicle manufacturer; and* (3) any greenhouse which is not permanently  
37 affixed to real estate and which is used for a farming or ranching opera-  
38 tion. The term “farming or ranching operation” shall include the opera-  
39 tion of a feedlot, the performing of farm or ranch work for hire and the  
40 planting, cultivating and harvesting of nursery or greenhouse products,  
41 or both, for sale or resale. The term “farm machinery and equipment”  
42 shall not include any passenger vehicle, truck, truck tractor, trailer, sem-  
43 trailer or pole trailer, other than a farm trailer, as the terms are defined

1 by K.S.A. 8-126 and amendments thereto.

2 The provisions of this subsection shall apply to all taxable years com-  
3 mencing after December 31, ~~1999~~ 2007.

4 (b) (1) All aquaculture machinery and equipment. The term “aqua-  
5 culture machinery and equipment” means that personal property actually  
6 and regularly used in any aquaculture operation. The term “aquaculture  
7 operation” shall include the feeding out of aquatic plants and animals;  
8 breeding, growing or rearing aquatic plants and animals; and selling or  
9 transporting aquatic plants and animals. The term “aquaculture machin-  
10 ery and equipment” shall not include any passenger vehicle, truck, truck  
11 tractor, trailer, semitrailer or pole trailer.

12 (2) All Christmas tree machinery and equipment. The term “Christ-  
13 mas tree machinery and equipment” means that personal property actu-  
14 ally and regularly used in any Christmas tree operation. The term  
15 “Christmas tree operation” shall include the planting, cultivating and har-  
16 vesting of Christmas trees; and selling or transporting Christmas trees.  
17 The term “Christmas tree machinery and equipment” shall not include  
18 any passenger vehicle, truck, truck tractor, trailer, semitrailer or pole  
19 trailer.

20 The provisions of this subsection shall apply to all taxable years com-  
21 mencing after December 31, 1992.

22 **New Sec. 2. In accordance with the provisions of section 1 of**  
23 **article 11 of the Constitution of the State of Kansas, a bed, body**  
24 **or box that is regularly used predominantly in a business or in-**  
25 **dustry and is attached to a motor vehicle, except for a bed, body**  
26 **or box that is attached to the motor vehicle by the motor vehicle**  
27 **manufacturer, shall be classified for property tax purposes within**  
28 **subclass 5 of class 2 of section 1 of article 11 of the Constitution**  
29 **of the State of Kansas. All such property shall be valued in accord-**  
30 **ance with the provisions of subsection (b)(2)(E) of K.S.A. 79-1439,**  
31 **and amendments thereto.**

32 ~~Sec. 2. 3. K.S.A. 2007 Supp. 79-201j is hereby repealed.~~

33 [Sec. 3. K.S.A. 2007 Supp. 79-223 is hereby amended to read  
34 as follows: 79-223. (a) It is the purpose of this section to promote,  
35 stimulate, foster and encourage new investments in commercial  
36 and industrial machinery and equipment in the state of Kansas, to  
37 contribute to the economic recovery of the state, to enhance busi-  
38 ness opportunities in the state, to encourage the location of new  
39 businesses and industries in the state as well as the retention and  
40 expansion of existing businesses and industries and to promote the  
41 economic stability of the state by maintaining and providing em-  
42 ployment opportunities, thereby contributing to the general wel-  
43 fare of the citizens of the state, by exempting from property tax-

1 ation all newly purchased or leased commercial and industrial  
2 machinery and equipment, including machinery and equipment  
3 transferred into this state for the purpose of expanding an existing  
4 business or for the creation of a new business.

5 [(b) The following described property, to the extent specified  
6 by this section, shall be and is hereby exempt from all property or  
7 ad valorem taxes levied under the laws of the state of Kansas:

8 [*First.* Commercial and industrial machinery and equipment ac-  
9 quired by qualified purchase or lease made or entered into after  
10 June 30, 2006, as the result of a bona fide transaction not consum-  
11 mated for the purpose of avoiding taxation.

12 [*Second.* Commercial and industrial machinery and equipment  
13 transported into this state after June 30, 2006, for the purpose of  
14 expanding an existing business or creation of a new business.

15 [(c) Any purchase, lease or transportation of commercial and  
16 industrial machinery and equipment consummated for the pur-  
17 pose of avoiding taxation shall subject the property to the penalty  
18 provisions of K.S.A. 79-1422 and 79-1427a, and amendments  
19 thereto. *Any property improperly reclassified after June 30, 2006, solely*  
20 *for the purpose of avoiding taxation shall not be eligible for an exemption*  
21 *pursuant to this section.*

22 [(d) As used in this section:

23 [(1) “Acquired” shall not include the transfer of property pur-  
24 suant to an exchange for stock securities, or the transfer of assets  
25 from one going concern to another due to a merger, reorganiza-  
26 tion or other consolidation;

27 [(2) “commercial and industrial machinery and equipment”  
28 means property classified for property tax purposes within sub-  
29 class (5) of class 2 of section 1 of article 11 of the constitution of  
30 the state of Kansas;

31 [(3) “qualified lease” means a lease of commercial and indus-  
32 trial machinery and equipment for not less than 30 days for fair  
33 and valuable consideration where such machinery and equipment  
34 is physically transferred to the lessee to be used in the lessee’s  
35 business or trade; and

36 [(4) “qualified purchase” means a purchase of commercial and  
37 industrial machinery and equipment for fair and valuable consid-  
38 eration where such machinery and equipment is physically trans-  
39 ferred to the purchaser to be used in the purchaser’s business or  
40 trade.

41 [(e) The secretary of revenue is hereby authorized to adopt  
42 rules and regulations to administer the provisions of this section.

43 [Sec. 4. K.S.A. 2007 Supp. 79-201j and 79-223 are hereby

1 **repealed.]**

2     Sec. ~~3.4~~ **[5.]** This act shall take effect and be in force from and after  
3 its publication in the statute book.