

SESSION OF 2010

SUPPLEMENTAL NOTE ON SENATE BILL NO. 445

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

SB 445 would provide a property tax exemption beginning in tax year 2011 for property acquired by the Secretary of Transportation in advance of construction, regardless of the use such property is put to in the interim between acquisition and ultimate use for state highway purposes.

Background

The bill was requested for introduction and supported by the Kansas Department of Transportation (KDOT), whose representative explained that two county appraisers had sent KDOT property tax bills within the last year on certain property acquired in advance of construction that was not yet being used for state highway purposes.

The Pratt County Appraiser testified in opposition, noting that the bill could allow businesses, farmers, and residents who live on or generate income from certain lands acquired by KDOT to continue to do so tax free for a number of years.

Senator Teichman said that she had been discussing a compromise solution with KDOT that would contemplate a joint-use agreement with landowners that mandated some sort of payment in lieu of taxes. KDOT staff on February 17, 2010, presented to the Senate Committee a proposed policy on collection of taxes on advance-acquired right-of-way property. Under that policy, a county could ask that such property – which

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

during the period after state acquisition is subject to joint-use agreements between KDOT and persons or entities performing various kinds of maintenance on the property – be assessed a “rent” by KDOT equivalent in most cases to the amount of property taxes that otherwise would have been due but for the exemption provided in SB 445. The KDOT policy outlined in Committee also contained a proposed a de minimus provision would exempt such rent from tracts that would have liability of less than \$100.

KDOT staff further explained that if SB 445 were to be enacted, it would be their intention to implement this policy prospectively relative to new acquisitions of property and not seek to impose the policy on rights-of-way acquisitions which have already occurred in Kingman and Pratt counties.

The fiscal note indicated that the bill is not expected to have a significant impact on the state.