

SESSION OF 2013

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2272**

As Recommended by House Committee on  
Commerce, Labor and Economic Development

**Brief\***

HB 2272 would create a new 24<sup>th</sup> property tax abatement for property purchased with the proceeds of Industrial Revenue Bonds (IRBs), issued on and after July 1, 2013, without the property's fee title having to transfer to the city or county that issued the bonds. The abatement period would last for ten years. Under the second property tax abatement in current law, property purchased with the proceeds of IRBs may be exempt from property taxes for ten years if the title has been transferred to the city or county.

**Background**

A city or county may issue IRBs for the purchase, construction, or renovation of a facility for agricultural, business, hospital, natural resources, or recreational development purposes.

Proponents on the bill included representatives of the Department of Commerce and bond counsel. According to their testimony, the Kansas Court of Tax Appeals recently interpreted the second property tax abatement to require a business to transfer property to the city or county that issued the IRB. This transfer makes the business ineligible for a loan from the U.S. Small Business Administration (SBA). Under the bill, small businesses could be eligible to use SBA loans to finance capital investment.

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\*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>

There was no opponent testimony at the House Committee hearing.

According to the fiscal note prepared by the Division of the Budget, the bill would have no fiscal effect.