

HOUSE BILL No. 2146

By Committee on Taxation

1-24

1 AN ACT concerning property taxation; relating to exemptions, certain
2 property used for educational or scientific purposes; amending K.S.A.
3 2016 Supp. 79-201a and repealing the existing section.
4

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

6 Section 1. K.S.A. 2016 Supp. 79-201a is hereby amended to read as
7 follows: 79-201a. The following described property, to the extent herein
8 specified, shall be exempt from all property or ad valorem taxes levied
9 under the laws of the state of Kansas:

10 *First.* All property belonging exclusively to the United States, except
11 property which congress has expressly declared to be subject to state and
12 local taxation.

13 *Second.* All property used exclusively by the state or any municipality
14 or political subdivision of the state. All property owned, being acquired
15 pursuant to a lease-purchase agreement or operated by the state or any
16 municipality or political subdivision of the state, including property which
17 is vacant or lying dormant, which is used or is to be used for any
18 governmental or proprietary function and for which bonds may be issued
19 or taxes levied to finance the same, shall be considered to be used
20 exclusively by the state, municipality or political subdivision for the
21 purposes of this section. The lease by a municipality or political
22 subdivision of the state of any real property owned or being acquired
23 pursuant to a lease-purchase agreement for the purpose of providing office
24 space necessary for the performance of medical services by a person
25 licensed to practice medicine and surgery or osteopathic medicine by the
26 board of healing arts pursuant to K.S.A. 65-2801 et seq., and amendments
27 thereto, dentistry services by a person licensed by the Kansas dental board
28 pursuant to K.S.A. 65-1401 et seq., and amendments thereto, optometry
29 services by a person licensed by the board of examiners in optometry
30 pursuant to K.S.A. 65-1501 et seq., and amendments thereto, or K.S.A. 74-
31 1501 et seq., and amendments thereto, podiatry services by a person
32 licensed by the board of healing arts pursuant to K.S.A. 65-2001 et seq.,
33 and amendments thereto, or the practice of psychology by a person
34 licensed by the behavioral sciences regulatory board pursuant to K.S.A.
35 74-5301 et seq., and amendments thereto, shall be construed to be a
36 governmental function, and such property actually and regularly used for

1 such purpose shall be deemed to be used exclusively for the purposes of
2 this paragraph. The lease by a municipality or political subdivision of the
3 state of any real property, or portion thereof, owned or being acquired
4 pursuant to a lease-purchase agreement to any entity for the exclusive use
5 by it for an exempt purpose, including the purpose of displaying or
6 exhibiting personal property by a museum or historical society, if no
7 portion of the lease payments include compensation for return on the
8 investment in such leased property shall be deemed to be used exclusively
9 for the purposes of this paragraph. All property leased, other than motor
10 vehicles leased for a period of at least one year and property being
11 acquired pursuant to a lease-purchase agreement, to the state or any
12 municipality or political subdivision of the state by any private entity shall
13 not be considered to be used exclusively by the state or any municipality
14 or political subdivision of the state for the purposes of this section except
15 that the provisions of this sentence shall not apply to any such property
16 subject to lease on the effective date of this act until the term of such lease
17 expires but property taxes levied upon any such property prior to tax year
18 1989, shall not be abated or refunded. Any property constructed or
19 purchased with the proceeds of industrial revenue bonds issued prior to
20 July 1, 1963, as authorized by K.S.A. 12-1740 through 12-1749, and
21 amendments thereto, or purchased with proceeds of improvement district
22 bonds issued prior to July 1, 1963, as authorized by K.S.A. 19-2776, and
23 amendments thereto, or with proceeds of bonds issued prior to July 1,
24 1963, as authorized by K.S.A. 19-3815a and 19-3815b, and amendments
25 thereto, or any property improved, purchased, constructed, reconstructed
26 or repaired with the proceeds of revenue bonds issued prior to July 1,
27 1963, as authorized by K.S.A. 13-1238 to 13-1245, inclusive, and
28 amendments thereto, or any property improved, reimproved, reconstructed
29 or repaired with the proceeds of revenue bonds issued after July 1, 1963,
30 under the authority of K.S.A. 13-1238 to 13-1245, inclusive, and
31 amendments thereto, which had previously been improved, reconstructed
32 or repaired with the proceeds of revenue bonds issued under such act on or
33 before July 1, 1963, shall be exempt from taxation for so long as any of the
34 revenue bonds issued to finance such construction, reconstruction,
35 improvement, repair or purchase shall be outstanding and unpaid. Any
36 property constructed or purchased with the proceeds of any revenue bonds
37 authorized by K.S.A. 13-1238 to 13-1245, inclusive, and amendments
38 thereto, 19-2776, 19-3815a and 19-3815b, and amendments thereto, issued
39 on or after July 1, 1963, shall be exempt from taxation only for a period of
40 10 calendar years after the calendar year in which the bonds were issued.
41 Any property, all or any portion of which is constructed or purchased with
42 the proceeds of revenue bonds authorized by K.S.A. 12-1740 to 12-1749,
43 inclusive, and amendments thereto, issued on or after July 1, 1963 and

1 prior to July 1, 1981, shall be exempt from taxation only for a period of 10
2 calendar years after the calendar year in which the bonds were issued.
3 Except as hereinafter provided, any property constructed or purchased
4 wholly with the proceeds of revenue bonds issued on or after July 1, 1981,
5 under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and
6 amendments thereto, shall be exempt from taxation only for a period of 10
7 calendar years after the calendar year in which the bonds were issued.
8 Except as hereinafter provided, any property constructed or purchased in
9 part with the proceeds of revenue bonds issued on or after July 1, 1981,
10 under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and
11 amendments thereto, shall be exempt from taxation to the extent of the
12 value of that portion of the property financed by the revenue bonds and
13 only for a period of 10 calendar years after the calendar year in which the
14 bonds were issued. The exemption of that portion of the property
15 constructed or purchased with the proceeds of revenue bonds shall
16 terminate upon the failure to pay all taxes levied on that portion of the
17 property which is not exempt and the entire property shall be subject to
18 sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments
19 thereto. Property constructed or purchased in whole or in part with the
20 proceeds of revenue bonds issued on or after January 1, 1995, under the
21 authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments
22 thereto, and used in any retail enterprise identified under NAICS sectors
23 44 and 45, except facilities used exclusively to house the headquarters or
24 back office operations of such retail enterprises identified thereunder, shall
25 not be exempt from taxation. For the purposes of the preceding provision
26 "NAICS" means the North American industry classification system, as
27 developed under the authority of the office of management and budget of
28 the office of the president of the United States. "Headquarters or back
29 office operations" means a facility from which the enterprise is provided
30 direction, management, administrative services, or distribution or
31 warehousing functions in support of transactions made by the enterprise.
32 Property purchased, constructed, reconstructed, equipped, maintained or
33 repaired with the proceeds of industrial revenue bonds issued under the
34 authority of K.S.A. 12-1740 et seq., and amendments thereto, which is
35 located in a redevelopment project area established under the authority of
36 K.S.A. 12-1770 et seq., and amendments thereto, shall not be exempt from
37 taxation. Property purchased, acquired, constructed, reconstructed,
38 improved, equipped, furnished, repaired, enlarged or remodeled with all or
39 any part of the proceeds of revenue bonds issued under authority of K.S.A.
40 12-1740 to 12-1749a, inclusive, and amendments thereto, for any poultry
41 confinement facility on agricultural land which is owned, acquired,
42 obtained or leased by a corporation, as such terms are defined by K.S.A.
43 17-5903, and amendments thereto, shall not be exempt from such taxation.

1 Property purchased, acquired, constructed, reconstructed, improved,
2 equipped, furnished, repaired, enlarged or remodeled with all or any part
3 of the proceeds of revenue bonds issued under the authority of K.S.A. 12-
4 1740 to 12-1749a, inclusive, and amendments thereto, for a rabbit
5 confinement facility on agricultural land which is owned, acquired,
6 obtained or leased by a corporation, as such terms are defined by K.S.A.
7 17-5903, and amendments thereto, shall not be exempt from such taxation.

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

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

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

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

27 *Seventh.* All property of a municipality, acquired or held under and for
28 the purposes of the urban renewal law, K.S.A. 17-4742 et seq., and
29 amendments thereto, except that such tax exemption shall terminate when
30 the municipality sells, leases or otherwise disposes of such property in an
31 urban renewal area to a purchaser or lessee which is not a public body
32 entitled to tax exemption with respect to such property.

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

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

41 *Tenth.* All property acquired and used for state park purposes by the
42 Kansas department of wildlife, parks and tourism.

43 *Eleventh.* The state office building constructed under authority of

1 K.S.A. 75-3607 et seq., and amendments thereto, and the site upon which
2 such building is located.

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

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

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

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

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

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

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

34 *Nineteenth.* For all taxable years commencing after December 31,
35 1997, all buildings of an area vocational school, an area vocational-
36 technical school, a technical college or a community college, as defined by
37 K.S.A. 72-4412, and amendments thereto, which are owned and operated
38 by any such school or college as a student union or dormitory and the site
39 upon which any such building is located.

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

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

7 *Twenty-Second.* All real property, and all tangible personal property,
8 owned by postsecondary educational institutions, as that term is defined in
9 K.S.A. 74-3201b, and amendments thereto, or by the board of regents on
10 behalf of the postsecondary educational institutions, which is leased by a
11 for profit company and is actually and regularly used exclusively for
12 research and development purposes so long as any rental income received
13 by such postsecondary educational institution or the board of regents from
14 such a company is used exclusively for educational or scientific purposes.
15 Any such lease or occupancy described in this section shall be for a term
16 of no more than five years.

17 *Twenty-Third.* For all taxable years commencing after December 31,
18 2005, any and all housing developments and related improvements located
19 on United States department of defense military installations in the state of
20 Kansas, which are developed pursuant to the military housing privatization
21 initiative, 10 U.S.C. § 2871 et seq., or any successor thereto, and which are
22 provided exclusively or primarily for use by military personnel of the
23 United States and their families.

24 *Twenty-Fourth.* For all taxable years commencing after December 31,
25 2012, except as hereinafter provided, any property constructed or
26 purchased in part with the proceeds of revenue bonds issued on or after
27 July 1, 2013, under the authority of K.S.A. 12-1740 to 12-1749a,
28 inclusive, and amendments thereto, shall be exempt from taxation to the
29 extent of the value of that portion of the property financed by the revenue
30 bonds and only for a period of 10 calendar years after the calendar year in
31 which the bonds were issued. The exemption of that portion of the
32 property constructed or purchased with the proceeds of revenue bonds
33 shall terminate upon the failure to pay all taxes levied on that portion of
34 the property which is not exempt and the entire property shall be subject to
35 sale in the manner prescribed by K.S.A. 79-2301 et seq., and amendments
36 thereto. Property constructed or purchased in whole or in part with the
37 proceeds of revenue bonds issued on or after January 1, 1995, under the
38 authority of K.S.A. 12-1740 to 12-1749a, inclusive, and amendments
39 thereto, and used in any retail enterprise identified under NAICS sectors
40 44 and 45, except facilities used exclusively to house the headquarters or
41 back office operations of such retail enterprises identified thereunder, shall
42 not be exempt from taxation. For the purposes of the preceding provision
43 "NAICS" means the North American industry classification system, as

1 developed under the authority of the office of management and budget of
2 the office of the president of the United States. "Headquarters or back
3 office operations" means a facility from which the enterprise is provided
4 direction, management, administrative services, or distribution or
5 warehousing functions in support of transactions made by the enterprise.
6 Property purchased, constructed, reconstructed, equipped, maintained or
7 repaired with the proceeds of industrial revenue bonds issued under the
8 authority of K.S.A. 12-1740 et seq., and amendments thereto, which is
9 located in a redevelopment project area established under the authority of
10 K.S.A. 12-1770 et seq., and amendments thereto, shall not be exempt from
11 taxation. Property purchased, acquired, constructed, reconstructed,
12 improved, equipped, furnished, repaired, enlarged or remodeled with all or
13 any part of the proceeds of revenue bonds issued under authority of K.S.A.
14 12-1740 to 12-1749a, inclusive, and amendments thereto, for any poultry
15 confinement facility on agricultural land which is owned, acquired,
16 obtained or leased by a corporation, as such terms are defined by K.S.A.
17 17-5903, and amendments thereto, shall not be exempt from such taxation.
18 Property purchased, acquired, constructed, reconstructed, improved,
19 equipped, furnished, repaired, enlarged or remodeled with all or any part
20 of the proceeds of revenue bonds issued under the authority of K.S.A. 12-
21 1740 to 12-1749a, inclusive, and amendments thereto, for a rabbit
22 confinement facility on agricultural land which is owned, acquired,
23 obtained or leased by a corporation, as such terms are defined by K.S.A.
24 17-5903, and amendments thereto, shall not be exempt from such taxation.

25 *Twenty-Fifth.* For all taxable years commencing after December 31,
26 2013, any and all utility systems and appurtenances located on United
27 States department of defense military installations in the state of Kansas,
28 which have been acquired after December 31, 2013, pursuant to the
29 military utilities privatization initiative, 10 U.S.C. § 2688 et seq., or any
30 successor thereto, or which have been installed after December 31, 2013,
31 and which are provided exclusively or primarily for use by the military of
32 the United States.

33 *Twenty-Sixth.* All land owned by a municipality that is a part of a public
34 levee that is leased pursuant to K.S.A. 13-1243, and amendments thereto.

35 *Twenty-Seventh.* For all taxable years commencing after December 31,
36 2015, all real property, and all tangible personal property, owned by a
37 not-for-profit corporation exempt from federal income taxes under section
38 501(c)(6) of the federal internal revenue code, which is leased by a
39 postsecondary educational institution, as that term is defined in K.S.A. 74-
40 3201b, and amendments thereto, and is actually and regularly used for
41 educational or scientific purposes.

42 Except as otherwise specifically provided, the provisions of this section
43 shall apply to all taxable years commencing after December 31, 2010.

1 Sec. 2. K.S.A. 2016 Supp. 79-201a is hereby repealed.

2 Sec. 3. This act shall take effect and be in force from and after its
3 publication in the statute book.