

## House Concurrent Resolution No. 5013

By Committee on Utilities

2-6

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A PROPOSITION to amend section 1 of article 11 of the constitution of the state of Kansas, relating to the taxation of certain property of public utilities.

*Be it resolved by the Legislature of the State of Kansas, two-thirds of the members elected (or appointed) and qualified to the House of Representatives and two-thirds of the members elected (or appointed) and qualified to the Senate concurring therein:*

Section 1. The following proposition to amend the constitution of the state of Kansas shall be submitted to the qualified electors of the state for their approval or rejection: Section 1 of article 11 of the constitution of the state of Kansas is hereby amended to read as follows:

“§ 1. **System of taxation; classification; exemption.** (a) The provisions of this subsection shall govern the assessment and taxation of property on and after January 1, ~~1993~~ 2003, and each year thereafter. Except as otherwise hereinafter specifically provided, the legislature shall provide for a uniform and equal basis of valuation and rate of taxation of all property subject to taxation. The legislature may provide for the classification and the taxation uniformly as to class of recreational vehicles, as defined by the legislature, or may exempt such class from property taxation and impose taxes upon another basis in lieu thereof. The provisions of this subsection shall not be applicable to the taxation of motor vehicles, except as otherwise hereinafter specifically provided, mineral products, money, mortgages, notes and other evidence of debt and grain. Property shall be classified into the following classes for the purpose of assessment and assessed at the percentage of value prescribed therefor:

Class 1 shall consist of real property. Real property shall be further classified into seven subclasses. Such property shall be defined by law for the purpose of subclassification and assessed uniformly as to subclass at the following percentages of value:

- (1) Real property used for residential purposes including multi-family residential real property and real property necessary to accommodate a residential community of mobile or manufactured homes including the real property upon which such homes are located ..... 11<sup>1</sup>/<sub>2</sub>%

- 1 (2) Land devoted to agricultural use which shall be valued upon the basis of its
- 2 agricultural income or agricultural productivity pursuant to section 12 of
- 3 article 11 of the constitution ..... 30%
- 4 (3) Vacant lots ..... 12%
- 5 (4) Real property which is owned and operated by a not-for-profit organization
- 6 not subject to federal income taxation pursuant to section 501 of the federal
- 7 internal revenue code, and which is included in this subclass by law ..... 12%
- 8 (5) Public utility real property, except railroad real property which shall be
- 9 assessed at the average rate that all other commercial and industrial prop-
- 10 erty is assessed ..... ~~33%~~25%
- 11 (6) Real property used for commercial and industrial purposes and buildings
- 12 and other improvements located upon land devoted to agricultural use ... 25%
- 13 (7) All other urban and rural real property not otherwise specifically subclas-
- 14 sified ..... 30%

15 Class 2 shall consist of tangible personal property. Such tangible per-  
 16 sonal property shall be further classified into six subclasses, shall be de-  
 17 fined by law for the purpose of subclassification and assessed uniformly  
 18 as to subclass at the following percentages of value:

- 19 (1) Mobile homes used for residential purposes ..... 11<sup>1</sup>/<sub>2</sub>%
- 20 (2) Mineral leasehold interests except oil leasehold interests the average daily
- 21 production from which is five barrels or less, and natural gas leasehold
- 22 interests the average daily production from which is 100 mcf or less, which
- 23 shall be assessed at 25% ..... 30%
- 24 (3) Public utility tangible personal property including inventories thereof, ex-
- 25 cept railroad personal property including inventories thereof, which shall
- 26 be assessed at the average rate all other commercial and industrial property
- 27 is assessed ..... ~~33%~~25%
- 28 (4) All categories of motor vehicles not defined and specifically valued and taxed
- 29 pursuant to law enacted prior to January 1, 1985 ..... 30%
- 30 (5) Commercial and industrial machinery and equipment which, if its economic
- 31 life is seven years or more, shall be valued at its retail cost when new less
- 32 seven-year straight-line depreciation, or which, if its economic life is less
- 33 than seven years, shall be valued at its retail cost when new less straight-
- 34 line depreciation over its economic life, except that, the value so obtained
- 35 for such property, notwithstanding its economic life and as long as such
- 36 property is being used, shall not be less than 20% of the retail cost when
- 37 new of such property ..... 25%
- 38 (6) All other tangible personal property not otherwise specifically classified 30%

39 (b) All property used exclusively for state, county, municipal,  
 40 literary, educational, scientific, religious, benevolent and chari-  
 41 table purposes, farm machinery and equipment, merchants' and  
 42 manufacturers' inventories, other than public utility inventories  
 43 included in subclass (3) of class 2, livestock, and all household

1 goods and personal effects not used for the production of in-  
2 come, shall be exempted from property taxation.”

3 Sec. 2. The following statement shall be printed on the ballot with  
4 the amendment as a whole:

5 “*Explanatory statement:* This amendment would change the as-  
6 sessment rate for property of public utilities for property tax  
7 purposes.

8 “A vote for this proposition would decrease the assessment rate for  
9 property of public utilities for property tax assessment rate pur-  
10 poses from 33% to 25%.

11 “A vote against this proposition would continue the existing 33%  
12 property tax assessment rate for public utilities.

13 Sec. 3. This resolution, if approved by two-thirds of the members  
14 elected (or appointed) and qualified to the House of Representatives, and  
15 two-thirds of the members elected (or appointed) and qualified to the  
16 Senate shall be entered on the journals, together with the yeas and nays.  
17 The secretary of state shall cause this resolution to be published as pro-  
18 vided by law and shall cause the proposed amendment to be submitted  
19 to the electors of the state at the general election to be held on August  
20 6, 2002, unless a special election is called at a sooner date by concurrent  
21 resolution of the legislature, in which case it shall be submitted to the  
22 electors of the state at the special election.

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