

## HOUSE BILL No. 2713

By Committee on Taxation

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9 AN ACT concerning property taxation; relating to assessment; amending  
10 K.S.A. 79-1439a and K.S.A. 2007 Supp. 79-412 and 79-1439 and re-  
11 pealing the existing sections.  
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13 *Be it enacted by the Legislature of the State of Kansas:*

14 New Section 1. (a) The term “baseline value” means the then ap-  
15 praised value of a piece of taxable property as of January 1, 2009.

16 (b) The term “adjusted baseline value” means that value as deter-  
17 mined by section 2, and amendments thereto.

18 (c) The term “percentage change in the cost of living” means the  
19 percentage change in the consumer price index for all urban consumers  
20 (CPI-U), all items, for the preceding calendar year as published by the  
21 bureau of labor statistics of the United States department of labor.

22 New Sec. 2. (a) For purposes of subsection (a) of article XI, section  
23 1, of the Kansas Constitution, the term “value” means the adjusted bas-  
24 e-line value, as determined in this section.

25 (b) The adjusted baseline value of a piece of property shall be the  
26 lesser of:

27 (1) Its baseline value compounded annually by the percentage change  
28 in the cost of living, as defined in section 3(c), and amendments thereto,  
29 not to exceed 3%.

30 (2) Its current appraised value.

31 (c) Whenever there is a change in ownership of a piece of taxable  
32 property, the property shall retain its current adjusted baseline value. No  
33 reappraisal of property allowed by K.S.A. 79-1413a, and amendments  
34 thereto, shall be permitted due solely to a change in ownership.

35 Sec. 3. K.S.A. 2007 Supp. 79-412 is hereby amended to read as fol-  
36 lows: 79-412. It shall be the duty of the county or district appraiser to  
37 value the land and improvements. *New improvements, or substantial up-*  
38 *grades to current improvements, shall adopt the adjusted baseline value*  
39 *of comparable properties, as determined by the county or district ap-*  
40 *praiser, and will thereafter be adjusted as provided in section 2, and*  
41 *amendments thereto.* The value of the land and improvements shall be  
42 entered on the assessment roll in a single aggregate, except as hereinafter  
43 provided. Improvements owned by entities other than the owner of the

1 land shall be assessed to the owners of such improvements, if the lease  
2 agreement has been recorded or filed in the office of the register of deeds.  
3 The words “building on leased ground” shall appear on the first page of  
4 the lease agreement. It shall be the responsibility of the person recording  
5 or filing the lease agreement to include such words as provided in this  
6 section. Failure to include such words as provided in this section may  
7 result in such improvements being assessed to the owner of the land. As  
8 used in this section, the term “person” means any individual, business,  
9 domestic or foreign corporation, partnership or association. Delinquent  
10 taxes imposed on such improvements may be collected by levy and sale  
11 of the interests of such owners the same as in cases of the collection of  
12 taxes on personal property. *The director of property valuation shall adopt*  
13 *such rules and regulations as deemed necessary to carry out the provisions*  
14 *of this section.*

15 Sec. 4. K.S.A. 2007 Supp. 79-1439 is hereby amended to read as  
16 follows: 79-1439. (a) All real and tangible personal property which is sub-  
17 ject to general ad valorem taxation shall be appraised uniformly and  
18 equally as to class and, unless otherwise specified herein, shall be ap-  
19 praised at its fair market value, as defined in K.S.A. 79-503a, and amend-  
20 ments thereto.

21 (b) Property shall be classified into the following classes and assessed  
22 at the percentage of ~~value~~ *its adjusted baseline value, as determined by*  
23 *section 2, and amendments thereto*, prescribed therefor:

24 (1) Real property shall be assessed as to subclass at the following  
25 percentages of ~~value~~ *its adjusted baseline value, as determined by section*  
26 *2, and amendments thereto*:

27 (A) Real property used for residential purposes including multi-fam-  
28 ily residential real property, real property necessary to accommodate a  
29 residential community of mobile or manufactured homes including the  
30 real property upon which such homes are located, residential real prop-  
31 erty used partially for day care home purposes if such home has been  
32 registered or licensed pursuant to K.S.A. 65-501 et seq., and amendments  
33 thereto, and residential real property used partially for bed and breakfast  
34 home purposes at 11.5%. As used in this paragraph “bed and breakfast  
35 home” means a residence with five or fewer bedrooms available for over-  
36 night guests who stay for not more than 28 consecutive days for which  
37 there is compliance with all zoning or other applicable ordinances or laws  
38 which pertain to facilities which lodge and feed guests;

39 (B) land devoted to agricultural use valued pursuant to K.S.A. 79-  
40 1476, and amendments thereto, at 30%;

41 (C) vacant lots at 12%;

42 (D) real property which is owned and operated by a not-for-profit  
43 organization not subject to federal income taxation pursuant to section

1 501 of the federal internal revenue code and included herein pursuant to  
2 K.S.A. 79-1439a, and amendments thereto, at 12%;

3 (E) public utility real property, except railroad property which shall  
4 be assessed at the average rate all other commercial and industrial prop-  
5 erty is assessed, at 33%. As used in this paragraph, “public utility” shall  
6 have the meaning ascribed thereto by K.S.A. 79-5a01, and amendments  
7 thereto;

8 (F) real property used for commercial and industrial purposes and  
9 buildings and other improvements located upon land devoted to agricul-  
10 tural use at 25%; and

11 (G) all other urban and rural real property not otherwise specifically  
12 subclassed at 30%.

13 (2) Personal property shall be classified into the following classes and  
14 assessed at the percentage of value prescribed therefor:

15 (A) Mobile homes used for residential purposes at 11.5%;

16 (B) mineral leasehold interests, except oil leasehold interests the av-  
17 erage daily production from which is five barrels or less, and natural gas  
18 leasehold interests, the average daily production from which is 100 mcf  
19 or less, which shall be assessed at 25%, at 30%;

20 (C) public utility tangible personal property including inventories  
21 thereof, except railroad personal property including inventories thereof,  
22 which shall be assessed at the average rate all other commercial and in-  
23 dustrial property is assessed, at 33%. As used in this paragraph, “public  
24 utility” shall have the meaning ascribed thereto by K.S.A. 79-5a01, and  
25 amendments thereto;

26 (D) all categories of motor vehicles listed and taxed pursuant to  
27 K.S.A. 79-306d, and amendments thereto, and over-the-road motor ve-  
28 hicles defined pursuant to K.S.A. 79-6a01, and amendments thereto, at  
29 30%;

30 (E) commercial and industrial machinery and equipment, including  
31 rolling equipment defined pursuant to K.S.A. 79-6a01, and amendments  
32 thereto, which, if its economic life is seven years or more, shall be valued  
33 at its retail cost when new less seven-year straight-line depreciation, or  
34 which, if its economic life is less than seven years, shall be valued at its  
35 retail cost when new less straight-line depreciation over its economic life,  
36 except that, the value so obtained for such property as long as it is being  
37 used shall not be less than 20% of the retail cost when new of such  
38 property at 25%; and

39 (F) all other tangible personal property not otherwise specifically  
40 classified at 30%.

41 Sec. 5. K.S.A. 79-1439a is hereby amended to read as follows: 79-  
42 1439a. (a) In accordance with and for the purposes of section 1 of article  
43 11 of the Kansas constitution, real property, to the extent herein specified,

1 which is owned and operated by a not-for-profit organization not subject  
2 to federal income taxation pursuant to paragraphs (2), (3), (4), (7), (8) or  
3 (10) of subsection (c) of section 501 of the federal internal revenue code,  
4 as in effect on January 1, 1994, is hereby included in subclass (4) of class  
5 1 for property tax classification purposes, and shall be assessed at the rate  
6 of 12% of its ~~fair market value~~ *adjusted baseline value, as determined by*  
7 *section 2, and amendments thereto.* With respect to real property owned  
8 and operated by a not-for-profit organization not subject to federal in-  
9 come taxation pursuant to paragraph (2) of subsection (c) of section 501  
10 of such code, this section shall only apply to real property leased to a not-  
11 for-profit organization not subject to federal income taxation pursuant to  
12 paragraph (8) of subsection (c) of section 501 of such code. With respect  
13 to real property owned and operated by a not-for-profit organization not  
14 subject to federal income taxation pursuant to paragraph (7) of subsection  
15 (c) of section 501 of such code, this section shall only apply to land which  
16 is actually and regularly used for recreational purposes, other than land  
17 accommodating buildings or other improvements associated with such  
18 recreational land. Nothing in this subsection shall be deemed to affect  
19 the exemption of property by law or the Kansas constitution.

20 (b) The provisions of this section shall apply to all taxable years com-  
21 mencing after December 31, 1993.

22 Sec. 6. K.S.A. 79-1439a and K.S.A. 2007 Supp. 79-412 and 79-1439  
23 are hereby repealed.

24 Sec. 7. This act shall take effect and be in force from and after its  
25 publication in the statute book.