

## House Concurrent Resolution No. 5011

By Committee on Taxation

2-5

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9 A PROPOSITION to amend section 1 of article 11 of the constitution  
10 of the state of Kansas, relating to the definition of public utility.

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

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

20 **§ 1. System of taxation; classification; exemption.** (a) The  
21 provisions of this subsection shall govern the assessment and taxa-  
22 tion of property on and after January 1, 1993, and each year there-  
23 after. Except as otherwise hereinafter specifically provided, the leg-  
24 islature shall provide for a uniform and equal basis of valuation and  
25 rate of taxation of all property subject to taxation. The legislature  
26 may provide for the classification and the taxation uniformly as to  
27 class of recreational vehicles, as defined by the legislature, or may  
28 exempt such class from property taxation and impose taxes upon  
29 another basis in lieu thereof. The provisions of this subsection shall  
30 not be applicable to the taxation of motor vehicles, except as oth-  
31 erwise hereinafter specifically provided, mineral products, money,  
32 mortgages, notes and other evidence of debt and grain. Property  
33 shall be classified into the following classes for the purpose of as-  
34 sessment and assessed at the percentage of value prescribed  
35 therefor:

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

40 (1) Real property used for residential purposes including multi-family  
41 residential real property and real property necessary to accommo-  
42 date a residential community of mobile or manufactured homes  
43 including the real property upon which such homes are located ...

11½%

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

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

21	(1)	Mobile homes used for residential purposes.....	11½%
22	(2)	Mineral leasehold interests except oil leasehold interests the average	
23		daily production from which is five barrels or less, and natural gas	
24		leasehold interests the average daily production from which is 100	
25		mcf or less, which shall be assessed at 25%.....	30%
26	(3)	Public utility tangible personal property including inventories	
27		thereof, except railroad personal property including inventories	
28		thereof, which shall be assessed at the average rate all other com-	
29		mercial and industrial property is assessed.....	33%
30	(4)	All categories of motor vehicles not defined and specifically valued	
31		and taxed pursuant to law enacted prior to January 1, 1985.....	30%
32	(5)	Commercial and industrial machinery and equipment which, if its	
33		economic life is seven years or more, shall be valued at its retail	
34		cost when new less seven-year straight-line depreciation, or which,	
35		if its economic life is less than seven years, shall be valued at its	
36		retail cost when new less straight-line depreciation over its eco-	
37		nomical life, except that, the value so obtained for such property,	
38		notwithstanding its economic life and as long as such property is	
39		being used, shall not be less than 20% of the retail cost when new	
40		of such property.....	25%
41	(6)	All other tangible personal property not otherwise specifically	
42		classified .....	30%
43	(b)	All property used exclusively for state, county, municipal, literary,	

1 educational, scientific, religious, benevolent and charitable purposes,  
2 farm machinery and equipment, merchants' and manufacturers' inven-  
3 tories, other than public utility inventories included in subclass (3) of class  
4 2, livestock, and all household goods and personal effects not used for  
5 the production of income, shall be exempted from property taxation.

6 (c) *For purposes of this section, the term "public utility" shall include*  
7 *every person or entity, regardless of residence or domicile or jurisdiction*  
8 *of the state corporation commission or other regulatory body, that owns,*  
9 *controls or holds for resale natural gas that is stored or delivered for*  
10 *storage in an underground formation in this state. The legislature shall*  
11 *have the authority from time to time to redefine the term "public utility"*  
12 *for purposes of subclassification and taxation under this article."*

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

15 *"Explanatory statement.* The purpose of this amendment is to de-  
16 fine public utility for property tax purposes to include a person  
17 or entity regardless of where the taxpayer resides or is domiciled  
18 or jurisdiction of the state corporation commission to include any  
19 such person or entity who owns, controls or holds natural gas for  
20 resale which is stored or delivered for storage underground, and  
21 allow the legislature to redefine such term.

22 "A vote for this amendment would subject a person or entity who  
23 owns, controls or holds natural gas for resale which is stored or  
24 delivered for storage underground to property taxation as a pub-  
25 lic utility regardless of where the taxpayer resides or domiciles  
26 or jurisdiction of the state corporation commission.

27 "A vote against this amendment would make no changes in current  
28 law providing a property tax exemption for such person or en-  
29 tity."

30 Sec. 3. This resolution, if approved by two-thirds of the members  
31 elected (or appointed) and qualified to the House of Representatives, and  
32 two-thirds of the members elected (or appointed) and qualified to the  
33 Senate shall be entered on the journals, together with the yeas and nays.  
34 The secretary of state shall cause this resolution to be published as pro-  
35 vided by law and shall cause the proposed amendment to be submitted  
36 to the electors of the state at the general election in the year 2010 unless  
37 a special election is called at a sooner date by concurrent resolution of  
38 the legislature, in which case it shall be submitted to the electors of the  
39 state at the special election.