

Senate Concurrent Resolution No. 1607

By Committee on Assessment and Taxation

2-3

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 Senate and two-*
14 *thirds of the members elected (or appointed) and qualified to the House*
15 *of Representatives 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 res-
41 idential real property and real property necessary to accommodate a
42 residential community of mobile or manufactured homes including the
43 real property upon which such homes are located 11½%

1	(2)	Land devoted to agricultural use which shall be valued upon the basis	
2		of its agricultural income or agricultural productivity pursuant to section	
3		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 organi-	
6		zation not subject to federal income taxation pursuant to section 501 of	
7		the federal internal revenue code, and which is included in this subclass	
8		by law	12%
9	(5)	Public utility real property, except railroad real property which shall be	
10		assessed at the average rate that all other commercial and industrial	
11		property is assessed	33%
12	(6)	Real property used for commercial and industrial purposes and build-	
13		ings and other improvements located upon land devoted to agricultural	
14		use	25%
15	(7)	All other urban and rural real property not otherwise specifically sub-	
16		classified	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 lease-	
24		hold interests the average daily production from which is 100 mcf or	
25		less, which shall be assessed at 25%	30%
26	(3)	Public utility tangible personal property including inventories thereof,	
27		except railroad personal property including inventories thereof, which	
28		shall be assessed at the average rate all other commercial and industrial	
29		property is assessed	33%
30	(4)	All categories of motor vehicles not defined and specifically valued and	
31		taxed pursuant to law enacted prior to January 1, 1985	30%
32	(5)	Commercial and industrial machinery and equipment which, if its ec-	
33		onomic life is seven years or more, shall be valued at its retail cost when	
34		new less seven-year straight-line depreciation, or which, if its economic	
35		life is less than seven years, shall be valued at its retail cost when new	
36		less straight-line depreciation over its economic life, except that, the	
37		value so obtained for such property, notwithstanding its economic life	
38		and as long as such property is being used, shall not be less than 20%	
39		of the retail cost when new of such property	25%
40	(6)	All other tangible personal property not otherwise specifically	
41		classified	30%

42 (b) All property used exclusively for state, county, municipal, literary,
 43 educational, scientific, religious, benevolent and charitable purposes,

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

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

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

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

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

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

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