

CHAPTER 205
HOUSE BILL No. 2583
(Amends Chapter 142)

AN ACT concerning property taxation; relating to exemptions; property tax reduction assistance payments to counties; credits; basis for property tax levies of public libraries; homestead property tax refunds; amending K.S.A. 75-2551, 79-210 and 79-2930 and K.S.A. 2005 Supp. 79-201w, 79-213, 79-2959, as amended by section 160 of 2006 Senate Bill No. 480, and 79-4508 and repealing the existing sections.

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

New Section 1. (a) It is the purpose of this section to promote, stimulate, foster and encourage new investments in commercial and industrial machinery and equipment in the state of Kansas, to contribute to the economic recovery of the state, to enhance business opportunities in the state, to encourage the location of new businesses and industries in the state as well as the retention and expansion of existing businesses and industries and to promote the economic stability of the state by maintaining and providing employment opportunities, thereby contributing to the general welfare of the citizens of the state, by exempting from property taxation all newly purchased or leased commercial and industrial machinery and equipment, including machinery and equipment transferred into this state for the purpose of expanding an existing business or for the creation of a new business.

(b) The following described property, to the extent specified by this section, shall be and is hereby exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

First. Commercial and industrial machinery and equipment acquired by qualified purchase or lease made or entered into after June 30, 2006, as the result of a bona fide transaction not consummated for the purpose of avoiding taxation.

Second. Commercial and industrial machinery and equipment transported into this state after June 30, 2006, for the purpose of expanding an existing business or creation of a new business.

(c) Any purchase, lease or transportation of commercial and industrial machinery and equipment consummated for the purpose of avoiding taxation shall subject the property to the penalty provisions of K.S.A. 79-1422 and 79-1427a, and amendments thereto.

(d) As used in this section:

(1) "Acquired" shall not include the transfer of property pursuant to an exchange for stock securities, or the transfer of assets from one going concern to another due to a merger, reorganization or other consolidation;

(2) "commercial and industrial machinery and equipment" means property classified for property tax purposes within subclass (5) of class 2 of section 1 of article 11 of the constitution of the state of Kansas;

(3) "qualified lease" means a lease of commercial and industrial machinery and equipment for not less than 30 days for fair and valuable consideration where such machinery and equipment is physically transferred to the lessee to be used in the lessee's business or trade; and

(4) "qualified purchase" means a purchase of commercial and industrial machinery and equipment for fair and valuable consideration where such machinery and equipment is physically transferred to the purchaser to be used in the purchaser's business or trade.

(e) The secretary of revenue is hereby authorized to adopt rules and regulations to administer the provisions of this section.

New Sec. 2. (a) There is hereby established in the state treasury the business machinery and equipment tax reduction assistance fund which shall be administered by the state treasurer. All expenditures from the business machinery and equipment tax reduction assistance fund shall be for the payments to counties for distribution to taxing subdivisions levying ad valorem taxes within the county in accordance with this section.

(b) The secretary of revenue shall adopt a policy using the most current information that is available, and that is determined to be practicable by the secretary for this purpose and shall calculate the following:

(1) On January 31, 2008, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county for all taxing subdivisions within the county imposing ad valorem taxes on commercial and industrial machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2007. On

or before February 15, 2008, subject to the provisions of subsection (c), the state treasurer shall pay to the county treasurer of each county an amount equal to 90% of such difference for distribution as provided in subsection (d).

(2) On January 31, 2009, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county for all taxing subdivisions within the county imposing ad valorem taxes on commercial and industrial machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2008. On or before February 15, 2009, subject to the provisions of subsection (c), the state treasurer shall pay to the county treasurer of each county an amount equal to 70% of such difference for distribution as provided in subsection (d).

(3) On January 31, 2010, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county for all taxing subdivisions within the county imposing ad valorem taxes on commercial and industrial machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2009. On or before February 15, 2010, subject to the provisions of subsection (c), the state treasurer shall pay to the county treasurer of each county an amount equal to 50% of such difference for distribution as provided in subsection (d).

(4) On January 31, 2011, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county for all taxing subdivisions within the county imposing ad valorem taxes on commercial and industrial machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2010. On or before February 15, 2011, subject to the provisions of subsection (c), the state treasurer shall pay to the county treasurer of each county an amount equal to 30% of such difference for distribution as provided in subsection (d).

(5) On January 31, 2012, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county for all taxing subdivisions within the county imposing ad valorem taxes on commercial and industrial machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2011. On or before February 15, 2012, subject to the provisions of subsection (c), the state treasurer shall pay to the county treasurer of each county an amount equal to 10% of such difference for distribution as provided in subsection (d).

(6) There shall be no payments made pursuant to this section after the payments made by the state treasurer on or before February 15, 2012, and the provisions of this section shall expire at such time.

(c) If the amount calculated for the difference in subsections (b)(1) through (b)(5) is negative, the amount calculated for such county for such year shall be deemed to be zero and no amount shall be paid to the county treasurer of such county as otherwise provided in subsection (b). Nothing in this section shall be construed to require the county to make any payments to the state in such event that the amount calculated for the difference is negative for the county for such year.

(d) (1) On January 31 of each year specified in this section, the secretary of revenue shall certify to the director of accounts and reports the aggregate of all amounts determined for counties pursuant to subsection (b). Upon receipt of such certification, the director of accounts and reports shall transfer the amount certified from the state general fund to the business machinery and equipment tax reduction assistance fund.

(2) The state treasurer shall apportion and distribute the moneys credited to the business machinery and equipment tax reduction assistance fund to the county treasurers in accordance with subsection (b). Upon receipt of each such amount, each county treasurer shall apportion such amount among the ad valorem taxing subdivisions in the same proportion that the amount of the total mill levy of each individual taxing subdivision for the preceding tax year bears to the aggregate of such levies of all the taxing subdivisions among which the apportionment is to be made. The county treasurer shall pay such amounts to the taxing subdivisions at the same time or times as their regular operating tax rate mill levy is paid to them.

(e) Before January 31 of 2007 through 2013, the secretary of revenue shall make a detailed report of amounts calculated as required pursuant

to subsection (b) for each individual county and in aggregate for all the counties for the current year along with any projections for future years, amounts distributed to the counties pursuant to this section, and all other relevant information related to the provisions of this section, and shall present such report before such date to the house committee on taxation of the house of representatives and the senate committee on assessment and taxation of the senate for consideration by the legislature in making any appropriate adjustments to the provisions of this section.

New Sec. 3. (a) It is the purpose of this section to promote, stimulate, foster and encourage new investments in telecommunications machinery and equipment and railroad machinery and equipment in the state of Kansas, to recognize the dramatic changes within the telecommunications industry, to contribute to the economic recovery of the state, to enhance business opportunities in the state, to encourage the location of new businesses and industries in the state as well as the retention and expansion of existing businesses and industries and to promote the economic stability of the state by maintaining and providing employment opportunities, thereby contributing to the general welfare of the citizens of the state, by exempting from property taxation certain newly purchased or leased telecommunications machinery and equipment and railroad machinery and equipment, including all such machinery and equipment transferred into this state for the purpose of expanding an existing business or for the creation of a new business.

(b) The following described property, to the extent specified by this section, shall be and is hereby exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

First. Telecommunications machinery and equipment and railroad machinery and equipment acquired by qualified purchase or lease made or entered into after June 30, 2006, as the result of a bona fide transaction not consummated for the purpose of avoiding taxation.

Second. Telecommunications machinery and equipment and railroad machinery and equipment transported into this state after June 30, 2006, for the purpose of expanding an existing business or creation of a new business.

(c) As used in this section:

(1) "Acquired" shall not include the transfer of property pursuant to an exchange for stock securities, or the transfer of assets from one going concern to another due to a merger, reorganization or other consolidation;

(2) "qualified lease" means a lease of telecommunications machinery and equipment or railroad machinery and equipment for not less than 30 days for fair and valuable consideration where such machinery and equipment is physically transferred to the lessee to be used in the lessee's business or trade;

(3) "qualified purchase" means a purchase of telecommunications machinery and equipment or railroad machinery and equipment for fair and valuable consideration where such machinery and equipment is physically transferred to the purchaser to be used in the purchaser's business or trade;

(4) "railroad machinery and equipment" means railroad machinery and equipment classified for property tax purposes within subclass (3) of class 2 of section 1 of article 11 of the constitution of the state of Kansas; and

(5) "telecommunications machinery and equipment" means network administrative assets; central office equipment; information, station and customer equipment; and outside plant equipment of a telecommunication company.

(d) The secretary of revenue is hereby authorized to adopt rules and regulations to administer the provisions of this section.

New Sec. 4. (a) There is hereby established in the state treasury the telecommunications and railroad machinery and equipment tax reduction assistance fund which shall be administered by the state treasurer. All expenditures from the telecommunications and railroad machinery and equipment tax reduction assistance fund shall be for the payments to counties for distribution to taxing subdivisions levying ad valorem taxes within the county in accordance with this section.

(b) The secretary of revenue shall adopt a policy using the most current information that is available, and that is determined to be practicable by the secretary for this purpose and shall calculate the following:

(1) On January 31, 2008, the secretary shall calculate for each county

an amount equal to the difference in total ad valorem taxes levied by the county for all taxing subdivisions within the county imposing ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2007. On or before February 15, 2008, subject to the provisions of subsection (c), the state treasurer shall pay to the county treasurer of each county an amount equal to 90% of such difference for distribution as provided in subsection (d).

(2) On January 31, 2009, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county for all taxing subdivisions within the county imposing ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2008. On or before February 15, 2009, subject to the provisions of subsection (c), the state treasurer shall pay to the county treasurer of each county an amount equal to 70% of such difference for distribution as provided in subsection (d).

(3) On January 31, 2010, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county for all taxing subdivisions within the county imposing ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2009. On or before February 15, 2010, subject to the provisions of subsection (c), the state treasurer shall pay to the county treasurer of each county an amount equal to 50% of such difference for distribution as provided in subsection (d).

(4) On January 31, 2011, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county for all taxing subdivisions within the county imposing ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2010. On or before February 15, 2011, subject to the provisions of subsection (c), the state treasurer shall pay to the county treasurer of each county an amount equal to 30% of such difference for distribution as provided in subsection (d).

(5) On January 31, 2012, the secretary shall calculate for each county an amount equal to the difference in total ad valorem taxes levied by the county for all taxing subdivisions within the county imposing ad valorem taxes on telecommunications machinery and equipment and railroad machinery and equipment for tax year 2005, and the total of such ad valorem taxes levied for tax year 2011. On or before February 15, 2012, subject to the provisions of subsection (c), the state treasurer shall pay to the county treasurer of each county an amount equal to 10% of such difference for distribution as provided in subsection (d).

(6) There shall be no payments made pursuant to this section after the payments made by the state treasurer on or before February 15, 2012, and the provisions of this section shall expire at such time.

(c) If the amount calculated for the difference in subsections (b)(1) through (b)(5) is negative, the amount calculated for such county for such year shall be deemed to be zero and no amount shall be paid to the county treasurer of such county as otherwise provided in subsection (b). Nothing in this section shall be construed to require the county to make any payments to the state in such event that the amount calculated for the difference is negative for the county for such year.

(d) (1) On January 31 of each year specified in this section, the secretary of revenue shall certify to the director of accounts and reports the aggregate of all amounts determined for counties pursuant to subsection (b). Upon receipt of such certification, the director of accounts and reports shall transfer the amount certified from the state general fund to the telecommunications and railroad machinery and equipment tax reduction assistance fund.

(2) The state treasurer shall apportion and distribute the moneys credited to the telecommunications and railroad machinery and equipment tax reduction assistance fund to the county treasurers in accordance with subsection (b). Upon receipt of each such amount, each county treasurer shall apportion such amount among the ad valorem taxing subdivisions in the same proportion that the amount of the total mill levy of each individual taxing subdivision for the preceding tax year bears to the aggregate of such levies of all the taxing subdivisions among which the

apportionment is to be made. The county treasurer shall pay such amounts to the taxing subdivisions at the same time or times as their regular operating tax rate mill levy is paid to them.

(e) Before January 31 of 2007 through 2013, the secretary of revenue shall make a detailed report of amounts calculated as required pursuant to subsection (b) for each individual county and in aggregate for all the counties for the current year along with any projections for future years, amounts distributed to the counties pursuant to this section, and all other relevant information related to the provisions of this section, and shall present such report before such date to the house committee on taxation of the house of representatives and the senate committee on assessment and taxation of the senate for consideration by the legislature in making any appropriate adjustments to the provisions of this section.

New Sec. 5. (a) Television broadcasters shall receive a credit from the county treasurer of the county in which digital television equipment is located, to apply only towards payment of the broadcaster's personal property taxes, in an amount equal to the broadcaster's personal property taxes on digital television equipment acquired prior to July 1, 2006, multiplied by one minus the digital television fraction. The digital television fraction shall be a fraction the numerator of which is the total number of digital television sets in the United States and the denominator of which is an amount representing the total television sets in the United States as of the assessment date. The digital television fraction will be determined on an annual basis based upon sales data reported by the consumer electronics association or other national organization acceptable to the department of revenue. The Kansas association of broadcasters shall provide, by July 1 of each year, to the department an estimate of the digital television fraction as of the preceding January 1. The department shall communicate such estimate to each county appraiser. The credit shall not be applicable to years after the federal communications commission has ended the broadcast of analog television signals by all full power commercial television stations in Kansas.

(b) As used in this section, "digital television equipment" means all items of tangible personal property that are used directly or indirectly in broadcasting television shows or commercials through the use of digital technology including studio broadcast equipment, transmitter and antenna equipment and broadcast towers.

New Sec. 6. (a) Radio broadcasters shall receive a credit from the county treasurer of the county in which digital radio equipment is located, to apply only towards payment of the radio broadcaster's personal property taxes in an amount equal to the personal property taxes on the radio broadcaster's digital radio equipment acquired prior to July 1, 2006, multiplied by one minus the digital radio fraction. The digital radio fraction shall be a fraction, the numerator of which is the total number of digital radio sets in the United States and the denominator of which is an amount representing the total radio sets in the United States as of the assessment date. The digital radio fraction shall be determined on an annual basis based upon sales data reported by the consumer electronics association or other national organization acceptable to the department of revenue. The Kansas association of broadcasters shall provide, by July 1 of each year, to the department an estimate of the digital radio fraction as of the preceding January 1. The department shall communicate such estimate to each county appraiser. The credit shall not be applicable to years after December 31, 2013, or until more than 50% of the radio sets in the United States are capable of receiving the digital radio signal, whichever comes first.

(b) As used in this section, "digital radio equipment" means all items of tangible personal property that are used directly or indirectly in broadcasting radio shows or commercials through the use of digital technology including studio broadcast equipment, transmitter and antenna equipment and broadcast towers.

Sec. 7. K.S.A. 75-2551 is hereby amended to read as follows: 75-2551. Federal funds for public library service made available to the state which are administered by the state librarian or state commission may be used in support of any one or more regional system of cooperating libraries within the provisions of such federal legislation. The use of funds of any regional system of cooperating libraries shall be established by the system board by contracts with boards of participating libraries, or otherwise.

Participating boards shall have the power and are hereby authorized to pay for services purchased from the system board.

Any funds appropriated by the legislature and administered by the state librarian for the promotion of library services may be used to pay all or part of the expenses and equipment of any regional system of cooperating libraries.

The system board shall be subject to the cash basis and budget laws of the state. The budget of the system board shall be prepared, adopted and published as provided by law and hearing shall be held thereon in the first week of the month of August of each year. The tax levy made pursuant to the budget shall be *based upon the certified preliminary abstract of property values submitted to the director of property valuation pursuant to K.S.A. 79-1604, and amendments thereto, and shall be certified* to the county clerks of each county in the territory of the regional system of cooperating libraries.

Each system board is hereby authorized to levy not in excess of $\frac{3}{4}$ mill of tax to be used for library purposes on all of the taxable property within the boundaries of the regional system of cooperating libraries that is not within a district supporting a library with funds of the district.

Sec. 8. K.S.A. 2005 Supp. 79-201w is hereby amended to read as follows: 79-201w. The following described property, to the extent specified by this section, shall be exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

Any item of machinery, equipment, materials and supplies which, except for the operation of the provisions of this section, would be required to be listed for the purpose of taxation pursuant to K.S.A. 79-306, and amendments thereto, and which is used or to be used in the conduct of the owner's business, or in the conduct of activities by an entity not subject to Kansas income taxation pursuant to K.S.A. 79-32,113, and amendments thereto, whose original retail cost when new is ~~\$250 or less for tax year 2002, and \$400 or less for tax year 2003~~ *\$400 or less for tax years 2005 and 2006, and \$1,500 or less for tax year 2007*, and all tax years thereafter.

Sec. 9. K.S.A. 79-210 is hereby amended to read as follows: 79-210. The owner or owners of all property which is exempt from the payment of property taxes under the laws of the state of Kansas for a specified period of years, other than property exempt under K.S.A. 79-201d and ~~79-201g and 79-201h~~ *Second*, and amendments thereto, shall in each year after approval thereof by the board of tax appeals claim such exemption on or before March 1 of each year in which such exemption is claimed in the manner hereinafter provided. All claims for exemption from the payment of property taxes shall be made upon forms prescribed by the director of property valuation and shall identify the property sought to be exempt, state the basis for the exemption claimed and shall be filed in the office of the assessing officer of the county in which such property is located. The assessing officers of the several counties shall list and value for assessment, all property located within the county for which no claim for exemption has been filed in the manner hereinbefore provided. The secretary of revenue shall adopt rules and regulations necessary to administer the provisions of this section. The provisions of this section shall apply to property exempted pursuant to the provisions of section 13 of article 11 of the Kansas constitution. The claim for exemption annually filed by the owner of such property with the assessing officer shall include a written statement, signed by the clerk of the city or county granting the exemption, that the property continues to meet all the terms and conditions established as a condition of granting the exemption.

Sec. 10. K.S.A. 2005 Supp. 79-213 is hereby amended to read as follows: 79-213. (a) Any property owner requesting an exemption from the payment of ad valorem property taxes assessed, or to be assessed, against their property shall be required to file an initial request for exemption, on forms approved by the board of tax appeals and provided by the county appraiser.

(b) The initial exemption request shall identify the property for which the exemption is requested and state, in detail, the legal and factual basis for the exemption claimed.

(c) The request for exemption shall be filed with the county appraiser of the county where such property is principally located.

(d) After a review of the exemption request, and after a preliminary examination of the facts as alleged, the county appraiser shall recommend

that the exemption request either be granted or denied, and, if necessary, that a hearing be held. If a denial is recommended, a statement of the controlling facts and law relied upon shall be included on the form.

(e) The county appraiser, after making such written recommendation, shall file the request for exemption and the recommendations of the county appraiser with the board of tax appeals.

(f) Upon receipt of the request for exemption, the board shall docket the same and notify the applicant and the county appraiser of such fact.

(g) After examination of the request for exemption, and the county appraiser's recommendation related thereto, the board may fix a time and place for hearing, and shall notify the applicant and the county appraiser of the time and place so fixed. A request for exemption pursuant to: (1) Section 13 of article 11 of the Kansas constitution; or (2) K.S.A. 79-201a *Second*, and amendments thereto, for property constructed or purchased, in whole or in part, with the proceeds of revenue bonds under the authority of K.S.A. 12-1740 to 12-1749, inclusive, and amendments thereto, prepared in accordance with instructions and assistance which shall be provided by the department of commerce, shall be deemed approved unless scheduled for hearing within 30 days after the date of receipt of all required information and data relating to the request for exemption, and such hearing shall be conducted within 90 days after such date. Such time periods shall be determined without regard to any extension or continuance allowed to either party to such request. In any case where a party to such request for exemption requests a hearing thereon, the same shall be granted. Hearings shall be conducted in accordance with the provisions of the Kansas administrative procedure act. In all instances where the board sets a request for exemption for hearing, the county shall be represented by its county attorney or county counselor.

(h) Except as otherwise provided by subsection (g), in the event of a hearing, the same shall be originally set not later than 90 days after the filing of the request for exemption with the board.

(i) During the pendency of a request for exemption, no person, firm, unincorporated association, company or corporation charged with real estate or personal property taxes pursuant to K.S.A. 79-2004 and 79-2004a, and amendments thereto, on the tax books in the hands of the county treasurer shall be required to pay the tax from the date the request is filed with the county appraiser until the expiration of 30 days after the board issued its order thereon and the same becomes a final order. In the event that taxes have been assessed against the subject property, no interest shall accrue on any unpaid tax for the year or years in question nor shall the unpaid tax be considered delinquent from the date the request is filed with the county appraiser until the expiration of 30 days after the board issued its order thereon. In the event the board determines an application for exemption is without merit and filed in bad faith to delay the due date of the tax, the tax shall be considered delinquent as of the date the tax would have been due pursuant to K.S.A. 79-2004 and 79-2004a, and amendments thereto, and interest shall accrue as prescribed therein.

(j) In the event the board grants the initial request for exemption, the same shall be effective beginning with the date of first exempt use except that, with respect to property the construction of which commenced not to exceed 24 months prior to the date of first exempt use, the same shall be effective beginning with the date of commencement of construction.

(k) In conjunction with its authority to grant exemptions, the board shall have the authority to abate all unpaid taxes that have accrued from and since the effective date of the exemption. In the event that taxes have been paid during the period where the subject property has been determined to be exempt, the board shall have the authority to order a refund of taxes for the year immediately preceding the year in which the exemption application is filed in accordance with subsection (a).

(l) The provisions of this section shall not apply to: (1) Farm machinery and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and amendments thereto; (2) personal property exempted from ad valorem taxation by K.S.A. 79-215, and amendments thereto; (3) wearing apparel, household goods and personal effects exempted from ad valorem taxation by K.S.A. 79-201c, and amendments thereto; (4) livestock; (5) ~~hay and silage~~ *all property* exempted from ad valorem taxation by K.S.A. 79-201d, and amendments thereto; (6) merchants' and manufacturers'

inventories exempted from ad valorem taxation by K.S.A. 79-201m and amendments thereto; (7) grain exempted from ad valorem taxation by K.S.A. 79-201n, and amendments thereto; (8) property exempted from ad valorem taxation by K.S.A. 79-201a *Seventeenth* and amendments thereto, including all property previously acquired by the secretary of transportation or a predecessor in interest, which is used in the administration, construction, maintenance or operation of the state system of highways. The secretary of transportation shall at the time of acquisition of property notify the county appraiser in the county in which the property is located that the acquisition occurred and provide a legal description of the property acquired; (9) property exempted from ad valorem taxation by K.S.A. 79-201a *Ninth*, and amendments thereto, including all property previously acquired by the Kansas turnpike authority which is used in the administration, construction, maintenance or operation of the Kansas turnpike. The Kansas turnpike authority shall at the time of acquisition of property notify the county appraiser in the county in which the property is located that the acquisition occurred and provide a legal description of the property acquired; (10) aquaculture machinery and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and amendments thereto. As used in this section, "aquaculture" has the same meaning ascribed thereto by K.S.A. 47-1901, and amendments thereto; (11) Christmas tree machinery and equipment exempted from ad valorem taxation by K.S.A. 79-201j, and amendments thereto; (12) property used exclusively by the state or any municipality or political subdivision of the state for right-of-way purposes. The state agency or the governing body of the municipality or political subdivision shall at the time of acquisition of property for right-of-way purposes notify the county appraiser in the county in which the property is located that the acquisition occurred and provide a legal description of the property acquired; (13) machinery, equipment, materials and supplies exempted from ad valorem taxation by K.S.A. 79-201w, and amendments thereto; (14) vehicles owned by the state or by any political or taxing subdivision thereof and used exclusively for governmental purposes; (15) property used for residential purposes which is exempted pursuant to K.S.A. 79-201x from the property tax levied pursuant to K.S.A. 72-6431, and amendments thereto; (16) from and after July 1, 1998, vehicles which are owned by an organization having as one of its purposes the assistance by the provision of transit services to the elderly and to disabled persons and which are exempted pursuant to K.S.A. 79-201 *Ninth*; ~~and~~ (17) from and after July 1, 1998, motor vehicles exempted from taxation by subsection (e) of K.S.A. 79-5107, and amendments thereto; (18) *commercial and industrial machinery and equipment exempted from property or ad valorem taxation by section 1, and amendments thereto; and (19) telecommunications machinery and equipment and railroad machinery and equipment exempted from property or ad valorem taxation by section 3, and amendments thereto.*

(m) The provisions of this section shall apply to property exempt pursuant to the provisions of section 13 of article 11 of the Kansas constitution.

(n) The provisions of subsection (k) as amended by this act shall be applicable to all exemption applications filed in accordance with subsection (a) after December 31, 2001.

Sec. 11. K.S.A. 79-2930 is hereby amended to read as follows: 79-2930. (a) Two copies of the budget certificate giving the amount of ad valorem tax to be levied and the total amount of the adopted budget of expenditures by fund, along with itemized budget forms for each and every fund and proof of publication of the notice of budget hearing containing the budget summary shall be presented to the county clerk within the time prescribed by K.S.A. 79-1801 ~~as amended and amendments thereto~~. Where action has been taken under any statute to increase the amount of tax to be levied authorized by law, a statement showing the increased amount or tax levy rate voted, or a copy of the charter resolution or ordinance making the change, shall be attached to the budget each year the change is in effect.

(b) The county clerk shall make any reductions to the ad valorem tax to be levied, compute the tax levy rates based on the final equalized assessed valuation, and enter such on the budget certificate before attesting the budget, *except that with regard to levies made under K.S.A. 75-2551, and amendments thereto, such levies shall be based upon the certified preliminary abstract of property values submitted to the director*

of property valuation pursuant to K.S.A. 79-1604, and amendments thereto. A copy of all budgets for taxing subdivisions of the county, properly attested, shall be filed with the director of accounts and reports, along with a copy of the tax levy rate summary required of the county treasurer by K.S.A. 79-2002, and amendments thereto.

(c) Each fund of the adopted budget certified to the county clerk in no event shall exceed the amount of ad valorem tax to be levied and the proposed expenditures of such fund in the proposed budget as originally published. The governing body of each taxing subdivision shall not certify an amount of ad valorem taxes to be levied that is in excess of any tax levy rate or amount limitations or any aggregate tax levy limitations. The governing bodies, in fixing the amount may take into consideration and make allowance for the taxes which may not be paid, such allowance, however, shall not exceed by more than 5% the percentage of delinquency for the preceding tax year.

Sec. 12. K.S.A. 2005 Supp. 79-2959, as amended by section 160 of 2006 Senate Bill No. 480, is hereby amended to read as follows: 79-2959.

(a) There is hereby created the local ad valorem tax reduction fund. All moneys transferred or credited to such fund under the provisions of this act or any other law shall be apportioned and distributed in the manner provided herein.

(b) On January 15 and on July 15 of each year, the director of accounts and reports shall make transfers in equal amounts which in the aggregate equal 3.63% of the total retail sales and compensating taxes credited to the state general fund pursuant to articles 36 and 37 of chapter 79 of Kansas Statutes Annotated and acts amendatory thereof and supplemental thereto during the preceding calendar year from the state general fund to the local ad valorem tax reduction fund, except that no moneys shall be transferred from the state general fund to the local ad valorem tax reduction fund during state fiscal years 2007 and 2008, and the amount of the transfer on each such date shall be \$6,750,000 during the fiscal year 2010, \$13,500,000 during fiscal year 2011, \$20,250,000 during fiscal year 2012, and \$27,000,000 during fiscal year 2013 and all fiscal years thereafter. All such transfers are subject to reduction under K.S.A. 75-6704 and amendments thereto. All transfers made in accordance with the provisions of this section shall be considered to be demand transfers from the state general fund.

(c) The state treasurer shall apportion and pay the amounts transferred under subsection (b) to the several county treasurers on January 15 and on July 15 in each year as follows: (1) Sixty-five percent of the amount to be distributed shall be apportioned on the basis of the population figures of the counties certified to the secretary of state pursuant to K.S.A. 11-201 and amendments thereto on July 1 of the preceding year; and (2) thirty-five percent of such amount shall be apportioned on the basis of the equalized assessed tangible valuations on the tax rolls of the counties on November 1 of the preceding year as certified by the director of property valuation.

Sec. 13. K.S.A. 2005 Supp. 79-4508 is hereby amended to read as follows: 79-4508. (a) Commencing in the tax year beginning after December 31, 2005, the amount of any claim pursuant to this act shall be computed by deducting the amount computed under column (2) from the amount of claimant's property tax accrued and/or rent constituting property tax accrued.

(1) Claimants household income		(2) Deduction from property tax accrued and/or rent constituting property tax accrued
At least	But not more than	
\$0	\$6,000	\$0
6,001	7,000	4%
7,001	16,000	4% plus 4% of every \$1,000, or fraction thereof, of income in excess of \$7,001
16,001	27,000	40% plus 5% of every \$1,000, or fraction thereof, of income in excess of \$16,001
27,001	27,600	95%
30	33,000	30
3,001	4,000	12%
4,001	26,300	12% plus 4% of every \$1,000, or fraction thereof, of income in excess of \$4,001

(b) The director of taxation shall prepare a table under which claims under this act shall be determined. The amount of claim for each bracket shall be computed only to the nearest \$1.

(c) The claimant may elect not to record the amount claimed on the claim. The claim allowable to persons making this election shall be computed by the department which shall notify the claimant by mail of the amount of the allowable claim.

(d) In the case of all tax years commencing after December 31, 2004, the upper limit threshold amount prescribed in this section, shall be increased by an amount equal to such threshold amount multiplied by the cost-of-living adjustment determined under section 1(f)(3) of the federal internal revenue code for the calendar year in which the taxable year commences.

Sec. 14. K.S.A. 75-2551, 79-210 and 79-2930 and K.S.A. 2005 Supp. 79-201w, 79-213, 79-2959, as amended by section 160 of 2006 Senate Bill No. 480, and 79-4508 are hereby repealed.

Sec. 15. This act shall take effect and be in force from and after its publication in the statute book.

Approved May 22, 2006.
