

As Amended by House Committee

Session of 2025

HOUSE BILL No. 2083

By Committee on Taxation

Requested by Kimberly Gencur on behalf of the Advanced Power Alliance

1-23

1 AN ACT concerning property taxation; relating to exemptions; providing a
2 property tax exemption for new energy storage systems; excluding new
3 energy storage systems from the commercial and industrial machinery
4 and equipment exemption; amending K.S.A. 79-223 and K.S.A. 2024
5 Supp. 79-266 and repealing the existing sections.
6

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

8 Section 1. K.S.A. 79-223 is hereby amended to read as follows: 79-
9 223. (a) It is the purpose of this section to promote, stimulate, foster and
10 encourage new investments in commercial and industrial machinery and
11 equipment in the state of Kansas, to contribute to the economic recovery of
12 the state, to enhance business opportunities in the state, to encourage the
13 location of new businesses and industries in the state as well as the
14 retention and expansion of existing businesses and industries and to
15 promote the economic stability of the state by maintaining and providing
16 employment opportunities, thereby contributing to the general welfare of
17 the citizens of the state, by exempting from property taxation all newly
18 purchased or leased commercial and industrial machinery and equipment,
19 including machinery and equipment transferred into this state for the
20 purpose of expanding an existing business or for the creation of a new
21 business.

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

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

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

32 (c) Any purchase, lease or transportation of commercial and industrial
33 machinery and equipment consummated for the purpose of avoiding
34 taxation shall subject the property to the penalty provisions of K.S.A. 79-
35 1422 and 79-1427a, and amendments thereto. The county appraiser shall

1 not reclassify any property that is properly classified for property tax
2 purposes within subclass (5) of class 2 of section 1 of article 11 of the
3 constitution of the state of Kansas.

4 (d) As used in this section:

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

8 (2) "commercial and industrial machinery and equipment" means
9 property classified for property tax purposes within subclass (5) of class 2
10 of section 1 of article 11 of the constitution of the state of Kansas, but shall
11 not include:

12 (A) Any electric generation facility ~~or addition to an electric~~
13 ~~generation facility~~ that is used predominately to produce and generate
14 electricity utilizing renewable energy resources or technologies as defined
15 in K.S.A. 79-201, and amendments thereto; *or*

16 (B) *on and after January 1, ~~2026~~ 2025, any new energy storage*
17 *system as defined in K.S.A. 2024 Supp. 79-266, and amendments thereto.*
18 *This exclusion shall not apply to an energy storage system that received*
19 *any necessary county approval prior to January 1, ~~2026~~ 2025;*

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

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

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

30 Sec. 2. K.S.A. 2024 Supp. 79-266 is hereby amended to read as
31 follows: 79-266. (a) The following described property, to the extent herein
32 specified, shall be exempt from all property or ad valorem taxes levied
33 under the laws of the state of Kansas:

34 (1) Any new electric generation facility.

35 (2) Any new addition to a new or existing electric generation facility.

36 (3) Any new pollution control device constructed or installed on or
37 after January 1, 2025, at a new or existing electric generation facility.

38 (4) *On and after January 1, ~~2026~~ 2025, any new energy storage*
39 *system.*

40 (b) The provisions of this section shall apply from and after
41 commencement of construction or installation of such property and for the
42 10 taxable years immediately following the taxable year in which
43 construction or installation of such property is completed.

1 (c) As used in this section:

2 (1) "Existing electric generation facility" means an electric generation
3 facility described in K.S.A. 66-104(e) or 66-128(b)(2)(C), and
4 amendments thereto, that is in existence on December 31, 2024. "Existing
5 electric generation facility" does not include an electric generation facility
6 that converts wind, solar, biomass, landfill gas or any other renewable
7 source of energy to electricity.

8 (2) "New addition" means any real or tangible personal property
9 constructed or installed on or after January 1, 2025, for incorporation in
10 and use as part of a new or existing electric generation facility.

11 (3) "New electric generation facility" means an electric generation
12 facility described in K.S.A. 66-104(e) or 66-128(b)(2)(C), and
13 amendments thereto, and the commencement of construction of such
14 facility began on or after January 1, 2025. "New electric generation
15 facility" includes any electric generation facility that utilizes nuclear
16 energy for the generation of electricity. "New electric generation facility"
17 does not include any electric generation facility that converts wind, solar,
18 biomass, landfill gas or any other renewable source of energy to electricity.

19 (4) *"Energy storage system" or "ESS" means commercial or utility-*
20 *scale electrochemical, mechanical, electrostatic or gravitational devices*
21 *that charge or collect energy from the electrical grid or a generation*
22 *facility, store or use that energy and then discharge stored energy at a*
23 *later time to provide electricity or other electrical grid services. For*
24 *purposes of this paragraph, a generation facility includes any existing or*
25 *new electric generation facilities or any electric generation facility that*
26 *utilizes renewable energy resources or technologies including wind, solar,*
27 *biomass, landfill gas or any other renewable source of energy.*

28 (5) *"New energy storage system" means an energy storage system*
29 *that the commencement of construction or installation of such property*
30 *began on or after January 1, ~~2026~~ 2025, but does not include an energy*
31 *storage system that received any necessary county approval prior to*
32 *January 1, ~~2026~~ 2025.*

33 (d) *Except as otherwise specifically provided,* the provisions of this
34 section shall apply to all taxable years commencing after December 31,
35 2024.

36 Sec. 3. K.S.A. 79-223 and K.S.A. 2024 Supp. 79-266 are hereby
37 repealed.

38 Sec. 4. This act shall take effect and be in force from and after its
39 publication in the statute book.