

SESSION OF 2012

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2769**

As Recommended by House Committee on  
Taxation

**Brief\***

HB 2769 would clarify, retroactive to tax year 2011, that any and all housing developments and related improvements located on U.S. military installations and used exclusively or primarily by military personnel and their families are exempt from property taxation, notwithstanding the fact that the property may have been developed pursuant to the military housing privatization initiative.

The bill would be in effect upon publication in the *Kansas Register*.

**Background**

Proponents explained military housing, including developments constructed under the provisions of 1995 federal legislation that had authorized the U.S. Defense Department to enter into legal arrangements with private sector entities, has always been exempt from Kansas property taxation. But a 2009 Kansas Attorney General's Opinion (AGO 2009-1) suggested certain property might be construed to be taxable at Fort Riley, based on the 1889 law ceding jurisdiction of the military base to the federal government that had retained the authority of the state to tax "the property of citizens not otherwise exempt" from taxation. County attorneys in Geary and Riley County have recently

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

relied on that opinion in asserting a property tax liability to Riley Communities, LLC for tax years 2011 (\$2.23 million) and 2012 (\$2.43 million).

Although the fiscal note provided by the Division of the Budget indicated receipts to state building funds and the mandatory school district general fund property tax levy could be affected, proponents noted that current revenue estimates never contemplated property taxes would be received relative to Fort Riley housing in the first place.