

As Amended by House Committee

Session of 2017

HOUSE BILL No. 2424

By Committee on Taxation

5-2

1 AN ACT concerning property taxation; relating to cities and counties,  
2 approval of budgets with increased property tax revenues, election  
3 requirements, exception for certain employee benefits; **exemptions,**  
4 **certain property located in a former federal enclave;** amending  
5 K.S.A. 2016 Supp. 79-2925c and repealing the existing section.  
6

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

8 **New Section 1. (a) The following described property, to the extent**  
9 **herein specified, shall be exempt from all property taxes levied under**  
10 **the laws of the state of Kansas: All buildings, together with the land**  
11 **upon which the buildings are located, and all tangible personal**  
12 **property associated therewith, owned by a redevelopment authority**  
13 **established as a body corporate and politic pursuant to K.S.A. 19-4901**  
14 **et seq., and amendments thereto, that is located in a redevelopment**  
15 **district within a former federal enclave and is leased to a business and**  
16 **thereafter used exclusively for the purpose of: (1) Manufacturing**  
17 **articles of commerce; (2) conducting research and development; or (3)**  
18 **processing and storing goods or commodities that are sold or traded in**  
19 **interstate commerce.**

20 **(b) In accordance with K.S.A. 19-4904, and amendments thereto,**  
21 **a redevelopment authority may file a request for exemption under the**  
22 **provisions of this section pursuant to K.S.A. 79-213, and amendments**  
23 **thereto, only with approval of the board of county commissioners by**  
24 **resolution.**

25 **(c) An exemption from ad valorem taxes granted pursuant to**  
26 **subsection (a) shall be in effect for not more than 10 calendar years**  
27 **after the calendar year in which the business commences its**  
28 **operations or the calendar year in which the expansion of an existing**  
29 **business is completed, as the case may be.**

30 **(d) This section is adopted pursuant to section 13(d) of article 11**  
31 **of the constitution of the state of Kansas, and shall be part of and**  
32 **supplemental to article 2 of chapter 79 of the Kansas Statutes**  
33 **Annotated, and amendments thereto.**

34 ~~Section 1.~~ **Sec. 2.** K.S.A. 2016 Supp. 79-2925c is hereby amended to  
35 read as follows: 79-2925c. (a) (1) On and after January 1, 2017, the  
36 governing body of any city or county shall not approve any appropriation

1 or budget which provides for funding by property tax revenues in an  
2 amount exceeding that of the next preceding year as adjusted to reflect the  
3 average changes in the consumer price index for all urban consumers as  
4 published by the United States department of labor for the preceding five  
5 calendar years, which shall not be less than zero, unless the city or county  
6 approves the appropriation or budget with the adoption of a resolution and  
7 such resolution has been submitted to and approved by a majority of the  
8 qualified electors of the city or county voting at an election called and held  
9 thereon, except as otherwise provided.

10 (2) The election shall be called and held in the manner provided by  
11 K.S.A. 10-120, and amendments thereto, and may be:

12 (A) Held at the next regularly scheduled election to be held in August  
13 or November;

14 (B) may be a mail ballot election, conducted in accordance with  
15 K.S.A. 25-431 et seq., and amendments thereto; or

16 (C) may be a special election called by the city or county. Nothing in  
17 this subsection shall prevent any city or county from holding more than  
18 one election in any year. The city or county requesting the election shall be  
19 responsible for paying all costs associated with conducting the election.

20 (b) A resolution by the governing body of a city or county otherwise  
21 required by the provisions of this section shall not be required to be  
22 approved by an election required by subsection (a) under the following  
23 circumstances:

24 (1) Increased property tax revenues that, in the current year, are  
25 produced and attributable to the taxation of:

26 (A) The construction of any new structures or improvements or the  
27 remodeling or renovation of any existing structures or improvements on  
28 real property, which shall not include any ordinary maintenance or repair  
29 of any existing structures or improvements on the property;

30 (B) increased personal property valuation;

31 (C) real property located within added jurisdictional territory;

32 (D) real property which has changed in use;

33 (E) expiration of any abatement of property from property tax; or

34 (F) expiration of a tax increment financing district, rural housing  
35 incentive district, neighborhood revitalization area or any other similar  
36 property tax rebate or redirection program.

37 (2) Increased property tax revenues that will be spent on:

38 (A) Bond, temporary notes, no fund warrants, state infrastructure  
39 loans and interest payments not exceeding the amount of ad valorem  
40 property taxes levied in support of such payments, and payments made to a  
41 public building commission and lease payments but only to the extent such  
42 payments were obligations that existed prior to July 1, 2016;

43 (B) payment of special assessments not exceeding the amount of ad

1    valorem property taxes levied in support of such payments;

2       (C) court judgments or settlements of legal actions against the city or  
3 county and legal costs directly related to such judgments or settlements;

4       (D) expenditures of city or county funds that are specifically  
5 mandated by federal or state law with such mandates becoming effective  
6 on or after July 1, 2015, and loss of funds from federal sources after  
7 January 1, 2017, where the city or county is contractually obligated to  
8 provide a service;

9       (E) expenses relating to a federal, state or local disaster or federal,  
10 state or local emergency, including, but not limited to, a financial  
11 emergency, declared by a federal or state official. The board of county  
12 commissioners may request the governor to declare such disaster or  
13 emergency; ~~or~~

14       (F) increased costs above the consumer price index for law  
15 enforcement, fire protection or emergency medical services; *or*

16       (G) *increases in employer contributions for social security, workers*  
17 *compensation, unemployment insurance, health-care costs, employee*  
18 *benefit plans and employee retirement and pension programs.*

19       (3) Any increased property tax revenues generated for law  
20 enforcement, fire protection or emergency medical services shall be  
21 expended exclusively for these purposes but shall not be used for the  
22 construction or remodeling of buildings.

23       (4) The property tax revenues levied by the city or county have  
24 declined:

25       (A) In one or more of the next preceding three calendar years and the  
26 increase in the amount of funding for the budget or appropriation from  
27 revenue produced from property taxes does not exceed the average amount  
28 of funding from such revenue of the next preceding three calendar years,  
29 adjusted to reflect changes in the consumer price index for all urban  
30 consumers as published by the United States department of labor for the  
31 preceding calendar year; or

32       (B) the increase in the amount of ad valorem tax to be levied is less  
33 than the change in the consumer price index plus the loss of assessed  
34 property valuation that has occurred as the result of legislative action,  
35 judicial action or a ruling by the board of tax appeals.

36       (5) Whenever a city or county is required by law to levy taxes for the  
37 financing of the budget of any political or governmental subdivision of this  
38 state that is not authorized by law to levy taxes on its own behalf, and the  
39 governing body of such city or county is not authorized or empowered to  
40 modify or reduce the amount of taxes levied therefore, the tax levies of the  
41 political or governmental subdivision shall not be included in or  
42 considered in computing the aggregate limitation upon the property tax  
43 levies of the city or county.

- 1        ~~Sec. 2.~~ **3.** K.S.A. 2016 Supp. 79-2925c is hereby repealed.
- 2        ~~Sec. 3.~~ **4.** This act shall take effect and be in force from and after its
- 3        publication in the statute book.