

SESSION OF 2017

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR HOUSE
BILL NO. 2230**

As Recommended by House Committee on
Taxation

Brief*

Sub. for HB 2230 would authorize a property tax exemption for not more than ten calendar years for certain land, buildings, and personal property owned by a redevelopment authority and located within a former federal enclave when such property is leased to a business and used exclusively for manufacturing, research and development, or warehousing purposes.

Qualified redevelopment authorities would be authorized to file requests for exemption only with the approval of a board of county commissioners.

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

Background

In the House Committee on Taxation hearing on March 6, 2017, proponents on the original bill, including Representative Proehl and a representative of the Great Plains Development Authority, stated federal enclaves that had housed former ammunition plants were now being developed. They further explained that the property had to be leased to businesses for use (rather than sold) because of ongoing concerns over future environmental obligations and

*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>

that leased property generally is not eligible for locally granted property tax exemptions.

No other testimony was provided.

The original bill would have authorized counties to grant the exemption. Proponents worked with the Department of Revenue in developing the substitute bill, which narrows the types of businesses eligible for the exemption to those referenced in the economic development exemption section of the *Kansas Constitution* (Article 11, Section 13) and clarifies that the request for exemption could be filed only after a resolution has been adopted by a county commission. The Committee agreed to the changes and subsequently agreed to insert the amended contents into a substitute bill.

The revisor stated the Department of Revenue had indicated the new exemption authority would apply in two counties – Labette and Johnson.

The fiscal note prepared by the Division of the Budget on the original bill, indicates that while enactment of the bill would have the potential to reduce property tax collections from the state's 21.5 mills, the Department of Revenue did not have adequate data to estimate the amount.