

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.