

MEMORANDUM

TO: All County Appraisers, County Clerks, County Commissioners, County Treasurers and County Registers of Deeds

FROM: Roger Hamm, Deputy Director, Division of Property Valuation

DATE: July 16, 2015

SUBJECT: 2015 Legislative Session – New Property Tax Related Laws

The 2015 Legislature made a few changes to the property tax laws that have a varied effect upon our county offices. Below is a summary by topic, along with the appropriate bill number and section(s).

Summary

Exemption/Appraisal:

Electric generation using renewable energy resources or technologies

Exemption – House Substitute for Senate Bill 91 amends K.S.A. 79-201 *Eleventh* to provide a ten-year exemption for property actually and regularly used predominantly to generate electricity utilizing renewable energy resources or technologies such as wind or solar technologies when the application is filed after December 31, 2016. The amendment does not affect exemptions already in place; they continue to be exempt so long as they comply with the requirement of the statute. *House Substitute for Senate Bill 91 § 4 amending K.S.A. 2014 Supp. 79-201 Eleventh*

Exemption – This bill amends K.S.A. 79-223 to exclude any electric generation facility used predominantly to produce and generate electricity utilizing renewable energy resources or technologies from the definition of “commercial and industrial machinery and equipment” for purposes of the exemption statute. *House Substitute for Senate Bill 91 § 5 amending K.S.A. 2014 Supp. 79-223 (d)(2)*

Appraisal – This bill also specifically excludes from the definition of public utility any entity to the extent that its activities or facilities generate, market, or sell electricity at

wholesale only, has no retail customers, and is produced and generated using renewable energy resources or technologies.

With most of these facilities (i.e. wind or solar farms) now excluded from the public utility definition, they will be county appraised beginning with the 2016 tax year. PVD will follow-up with the county appraisers on this matter.

This bill goes into effect July 1, 2015. *House Substitute for Senate Bill 91 § 6 amending K.S.A. 2014 Supp. 79-5a01*

Budget:

Budget Approval As a quick review, **last year** House Bill 2047 § 1 required municipalities in preparing and approving budgets for the new year to not increase those budgets from the prior year without a majority vote of the governing body and publication of such vote in the official county newspapers, except at the published rate of inflation defined by the rate of the Consumer Price Index. Excluded from this bill are municipalities which receive \$1,000 or less in annual property tax revenues.

That bill also requires all other municipalities, in response to increases in total tangible property valuation, to reduce the amount of tax levied to the prior year's level, except for the following:

1. Inflation allowance;
2. Taxes levied on valuation added as a result of new construction;
3. Valuation added from property located within newly added jurisdictional territory;
4. Valuation added because property has changed in use;
5. Valuation added from certain increased personal property.

Also excluded from the computation are property taxes that have previously been approved by voters, taxes levied to pay principal and interest on bonds, and taxes collected pursuant to the 21.5 mills in state property tax levies.

Municipalities were defined as all political subdivision including counties, townships, municipal universities, school districts, community colleges, drainage districts and other taxing units.

In **2015**, K.S.A. 2014 Supp. 79-2925b was amended to require an extra step in approving any appropriation or budget for only cities and counties on or after **January 1, 2018**. In the case of cities and counties any resolution approved by the governing body to increase property tax to fund any appropriation or budget in an amount exceeding that of the next preceding year as adjusted by inflation, shall not become effective unless

such resolution has been submitted to and approved by a majority of the qualified electors of the city or county voting at an election. The election to be held at the next regularly scheduled election in August or November or may be a mail ballot election. *House Bill 2142 § 1 amending K.S.A. 2014 Supp. 79-2925b, as amended by 2015 House Substitute for Senate Bill 270 § 2*

Valuation and Assessment:

Kansas Disaster Utilities Response Act A bill creating the Kansas Disaster Utilities Response Act took effect April 9, 2015. Out-of-state businesses conducting operations within the state for disaster or emergency-related work are not considered to have established a level of presence requiring registration, licensing, or filing or remitting state or local taxes, which would include ad valorem tax on vehicles or equipment used during any disaster response period.

Some of the definitions of the bill are as follows:

- A “declared state disaster or emergency” can be declared by the governor of the state of Kansas pursuant to K.S.A. 48-924, the chair of the board of the county commissioners of any county or by the mayor or other principal executive officer of a city pursuant to K.S.A. 48-932, or by a presidential declaration of a federal major disaster or emergency.
- “Disaster response period” is a period that begins 10 days prior to the first day of the declared state disaster or emergency and that extends for a period of 60 calendar days after the end of the declared disaster or emergency period or any longer period authorized by the governor of the state of Kansas.
- “Disaster or emergency-related work” means work in preparation for a disaster and repairing, renovating, installing, building or rendering services or other business activities on or related to critical infrastructure that has been damaged, impaired or destroyed by any declared state disaster or emergency.
- “Critical infrastructure” is property and equipment, or any related support facilities that service multiple customers or citizens, including, but not limited to, real or personal property such as buildings, offices, lines, poles, pipes, structures and equipment, that are owned or used by operators of:
 - (A) Telecommunications, cable or other communications networks;
 - (B) electric generation, transmission or distribution systems;
 - (C) natural gas and natural gas liquids gathering, processing, storage, transmission or distribution systems; or
 - (D) water pipelines.

If you have questions on this bill, please contact the Kansas Department of Revenue which will maintain an annual record of all declared state disasters and emergencies. *Senate Bill 109*

BOTA:

Small Claims Hearing Officer Effective May 21, 2015, the chief hearing officer may once again appoint BOTA employees (i.e. staff attorneys) as small claims hearing officers. House Bill 2240 ends the prohibition enacted in 2014 against appointing BOTA staff as small claims and expedited hearings division hearing officers. *House Bill 2240 § 1 amending K.S.A. 2014 Supp. 74-2433f(a)*

State Certified General Real Property Appraiser House Bill 2240 also exempts BOTA members who are state certified general real property appraisers from the education requirement listed in the statute. Any member who is a state certified general real property appraiser is only required to take such educational courses as are required to maintain the appraisal license. House Bill 2240 clarifies that a member who is a state certified real property appraiser immediately begins drawing full salary, removing them from a provision enacted in 2014 that does not allow full salaries until education requirements have been met. *House Bill 2240 § 2 amending K.S.A. 2014 Supp. 74-2433*