

Division of Property Valuation
300 SW 29th Street
PO Box 3506
Topeka KS 66601-3506



Phone: 785-296-2365
Fax: 785-296-2320
www.ksrevenue.org

Mark A. Burghart, Secretary

Laura Kelly, Governor

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

From: Bob Kent, Deputy Director, Division of Property Valuation

Date: August 29, 2022

Re: 2022 Legislative Summary

The 2022 legislative year will be remembered as the year the Legislature returned to normal business after the Pandemic. Property tax received a fair amount of attention in the Senate Taxation and Assessment Committee and that resulted in the passage of HB 2239 (2022) which is a bundled tax bill that included many of the property tax law changes proposed during the session. Included in the bundled bill was additional fine-tuning on the revenue neutral rate and procedures required by a county when they exceed such rate. The concept of a revenue neutral rate was enacted into the law during the 2021 Legislative session.

Additionally, the bill includes increases to the residential property tax exemption from the uniform statewide school finance levy; specifies the classification of land used by zoos, land used incidentally by certain agritourism activities, and in the federal Grassland Conservation Reserve Program; creates a property tax exemption for antique utility trailers; allows for the proration of certain personal property taxes; expands the authority of county commissions to abate property taxes for disaster-destroyed property; and modifies the definition of telecommunications machinery and equipment for purposes of property tax exemption.

Below is an index of the 2022 amendments, followed by a brief discussion of each amendment.

Index of Topics

- 1. Revenue Neutral Rate** – Amendments to 2021 - Sec. 37 of HB 2239 (2022)
- 2. Attracting Powerful Economic Expansion (APEX)** - House Sub. for SB 347 (2022)
- 3. Homestead Property Tax Refund** – Claim for Certain Homeowners; Sec. 17 of HB 2239 (2022)
- 4. Residential School Levy Exemption** – K.S.A. 79-201x Amended
- 5. COVID-19 Retail Storefront** - Property Tax Relief Act; HB 2136
- 6. Certain Zoos, Agri-tourism and CRP Grassland Classifications** – Sec. 34 of HB 2239 (2022)
- 7. Disaster-Destroyed Property Tax Abatements** – Sec. 35 of HB 2239 (2022); 79-1613 Amended
- 8. Personal Property** – Sec. 8 & 9 HB 2239 (2022)
- 9. Telecommunication Machinery & Equipment** - K.S.A. 79-224 Amended ; Sec. 33(c)(5) of HB 2239 (2022)

Summary of Legislative Changes

1. Revenue Neutral Rate – Sec. 37 of HB 2239 (2022)

The Legislature revisited the “revenue neutral rate” that it created in the 2021 Legislative session. The Legislature modified K.S.A. 79-2988 to mandate that additional information be provided with an adopted budget, specifically a copy of resolution to approve exceeding the revenue neutral rate and a roll call of the votes for such resolution. The Legislature created a mechanism for a taxpayer to challenge a governing body determination to raise a mill levy above the revenue neutral rate, if notice and procedural requirements were not followed by the body. Taxpayer complaints are limited to taxpayers with property in the taxing district. Taxpayers are to file a complaint with the state board of tax appeals by filing a written complaint, on a form prescribed by the board. The Legislature clarified that if the only reason why the taxing jurisdiction exceeded the revenue neutral rate was due to mills associated with school districts pursuant to K.S.A. 72-5142, then that increase should not be deemed as an increase to the jurisdictions revenue neutral rate.

2. Attracting Powerful Economic Expansion (APEX) - House Sub. for SB 347 (2022)

The APEX bill concerned the recruitment of industries into Kansas, specifically industries associated with advanced manufacturing, aerospace, distribution logistics and transportation, food and agriculture, or professional and technical services. (SB 347) Initially, the APEX bill permitted significant, partial real property tax exemptions for qualified businesses and their primary businesses suppliers for ten-year periods. The property tax exemption language was removed prior to the bill’s passage.

3. Homestead Property Tax Refund - Sec. 17 of HB 2239 (2022)

Creation of a homestead property tax refund claim for a class of homeowners with a household income of \$50,000 or less and the appraised value of the homestead is \$350,000.00. The class is limited to persons who are 65 years of age or older or to claimants that are disabled veterans.

4. Residential School Levy Exemption - Amendment to K.S.A. 79-201x; Sec. 32 of HB 2239 (2022)

K.S.A. 79-201x was modified to increase the homestead exemption permitted for a portion of the total tax levy. That portion is limited to the school district levy (20 mills). The exemption amount increased from the first \$20,000 of the homestead appraised value to \$40,000 of the homestead’s appraised value. The adjustment also created a process for the Director of Property Valuation to increase the \$40,000 amount of homestead value exempted in subsequent years. The adjustment is to be based on the average percentage change in statewide residential valuation of all residential real property for the preceding 10 years. Such average percentage change shall not be less than zero. The director of property valuation shall calculate the average percentage change for purposes of this annual adjustment and calculate the dollar amount of the extent of appraised valuation that is exempt pursuant to this section each year.

5. COVID-19 Retail Storefront - Property Tax Relief Act; HB 2136

The COVID-19 retail storefront property tax relief act was passed late in the session. This bill does not require reduction of property tax rates or valuations. The bill relies upon a taxing jurisdiction’s property tax rates/classification to determine a monetary amount to be distributed by the State to a specific class of taxpayers, so you may have taxpayers reaching out to your office about enrollment. The Department of Revenue will be preparing a taxpayer application in the future and the department will share the link with your offices when it becomes available.

6. Certain Zoos, Agri-tourism and CRP Grassland Classifications – Sec. 34 of HB 2239 (2022)

The process for valuation of agricultural land valuation was amended. First, the Legislature modified the land use classification for land devoted to agricultural use that is subject to the federal grassland conservation reserve program (CRP grasslands). For all taxable years commencing after December 31, 2022, all land devoted to agricultural use that is subject to the federal grassland conservation reserve program (CRP grasslands) shall be classified as grassland for the purpose of valuation for property tax purposes.

Second, the definition of “land devoted to agricultural use” was expanded to include zoos that hold a valid C exhibitor license issued by the US Dept. of Agriculture, and to include land otherwise devoted to the production of plants, animals or horticultural products that is incidentally used for agritourism activity. The Legislature defined “agritourism activity” as any activity that allows members of the general public, for recreational, entertainment or educational purposes, to view or enjoy rural activities, including, but not limited to, farming activities, ranching activities or historic, cultural, or natural attractions. An activity may be an "agritourism activity" whether the participant pays to participate in the activity. An activity is not an "agritourism activity" if the participant is paid to participate in the activity.

7. Disaster-Destroyed Property Tax Abatements - Sec. 35 of HB 2239 (2022); 79-1613 Amended

The property tax abatement for homesteads destroyed by natural disasters was expanded to also include buildings and improvements listed and assessed for property taxation purposes as real property. Previously K.S.A. 79-1613 only provided the abatement for homestead (dwelling). The amendment also expanded authority of the State/County to address abatements or grant of credit for property taxes already paid.

8. Personal Property - Sec. 8 & 9 HB 2239 (2022)

Kansas House Bill 2239 (2022) made three changes to personal property laws in the state of Kansas: Section 8 of HB 2239 establishes a property tax exemption for antique utility trailers. This section exempts any antique utility trailer registered pursuant to K.S.A. 8-1,119, provided that the property:

- Is used exclusively for personal use and not for the production of income
- Is 35 years or older as determined by the date of manufacture; and
- Has an empty weight of 2,000 pounds or less and a gross weight of not more than 8,000 pounds.

The Legislature added for the proration of any property that are classified within Subclass (6) of Class 2 property. This section allows for the proration of any Subclass (6) “Other” personal property that was acquired or sold after January 1 and prior to September 1 of any taxable year. The proration procedures for this subclass are identical to the proration procedures for “Watercraft” as covered in K.S.A. 79-306e. Also, like “Watercraft”, the taxpayer is required to give a notice to the appropriate county appraiser on or before December 20 of the year of such acquisition or sale. Otherwise, the property shall not be prorated.

The provisions of this section will go into effect for all taxable years after December 31, 2022.

9. **Telecommunication Machinery & Equipment** - K.S.A. 79-224 Amended ; Sec. 33(c)(5) of HB 2239 (2022)

K.S.A. 79-224 was amended to expand the exemption for telecommunication machinery and equipment. Namely, the statute is updated to allow for the exemption of any telecommunications machinery and equipment that is placed in inventory or is a work-in-progress.

Authorities:

HB 2239 (2022)

http://www.kslegislature.org/li/b2021_22/measures/documents/hb2239_enrolled.pdf