

HOUSE BILL No. 2643

AN ACT concerning taxation; relating to commercial and industrial machinery and equipment, definition, classification; independent appraisers; reclassification of certain tax exempt property; motor vehicles, members of military service and active guard and reservists; phase out of mortgage registration tax and replacement with fees for the recording of certain documents and instruments; county clerk technology fund; county treasurer fund; penalties for certain taxpayers who file incorrect returns; rural opportunity zones; amending K.S.A. 79-3102 and K.S.A. 2013 Supp. 12-1744a, 28-115, 74-50,222, 79-251, 79-1609, 79-3228 and 79-5107 and repealing the existing sections; also repealing K.S.A. 79-3101, 79-3102, as amended by section 15 of 2014 House Bill No. 2643, 79-3103, 79-3104, 79-3105, 79-3106, 79-3107, 79-3107a and 79-3107b and K.S.A. 2013 Supp. 79-3107c.

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

New Section 1. (a) (1) The provisions of this section are intended to codify the original legislative intent of the 2006 law exempting from ad valorem taxation commercial and industrial machinery and equipment purchased, leased or transported into the state after June 30, 2006, pursuant to K.S.A. 2013 Supp. 79-223, and amendments thereto.

(2) As used in this section, “commercial and industrial machinery and equipment” means property classified within subclass (5) of class 2 of section 1 of article 11 of the constitution of the state of Kansas.

(b) (1) In determining the classification of property for ad valorem tax purposes, the county appraiser shall conform to the definitions of real and personal property in Kansas law and to the factors set forth in the personal property guide devised or prescribed by the director of property valuation pursuant to K.S.A. 75-5105a(b), and amendments thereto.

(2) Where the proper classification of commercial and industrial machinery and equipment is not clearly determined from the definitions of real and personal property provided in Kansas law, the appraiser shall use the three part fixture law test as set forth in the personal property guide prescribed by the director of property valuation pursuant to K.S.A. 75-5105a(b), and amendments thereto, and shall consider the following:

(A) The annexation of the machinery and equipment to the real estate;

(B) the adaptation to the use of the realty to which it is attached and determination whether the property at issue serves the real estate; and

(C) the intention of the party making the annexation, based on the nature of the item affixed; the relation and situation of the party making the annexation; the structure and mode of annexation; and the purpose or use for which the annexation was made.

(3) The basic factors for clarifying items as real or personal property are their designated use and purpose. The determination of whether property is real or personal must be made on a case-by-case basis. All three parts of the three-part fixture test must be satisfied for the item to be classified as real property.

New Sec. 2. (a) After July 1, 2014, the owner of any project being constructed with the proceeds of industrial revenue bonds which has been exempted from ad valorem taxation pursuant to K.S.A. 79-201a *Second*, and amendments thereto, or the owner of any property exempted from ad valorem taxation pursuant to section 13 of article 11 of the constitution of the state of Kansas, shall within 30 days of the completion of any improvement on the project, notify the county appraiser of such completion and the county appraiser upon receipt of such notification shall classify such improvement as real property, personal property or a combination of both real and personal property within 180 days of receipt of the notice, and shall notify the owner of such classification. The owner, if aggrieved by the county appraiser’s classification, may appeal such classification to the court of tax appeals pursuant to K.S.A. 79-1409, and amendments thereto. For property described in section 4, and amendments thereto, the county appraiser appraising such property or the taxpayer may request that the director of property valuation contract with an independent appraiser pursuant to the provisions of sections 4 through 8, and amendments thereto, to determine classification of such property.

(b) Any property classified in accordance with subsection (a) shall not be reclassified within two years after the expiration of the tax exemption period absent the approval of the court of tax appeals upon a hearing in a decision upheld upon appeal, if any, and:

- (1) A material physical change to such property has occurred;
- (2) a material change in the use of such property has occurred; or
- (3) a substantial change in directly applicable law has occurred.

(c) After the expiration of the two years, the appraiser shall classify such property as required by K.S.A. 79-1459, and amendments thereto.

New Sec. 3. The court of tax appeals shall have the power and duty to hear a petition to change the classification of property as required by section 2, and amendments thereto, and may issue rules and regulations to implement the provisions of sections 2 and 3, and amendments thereto.

New Sec. 4. (a) Except as provided in article 5a of chapter 79 of the Kansas statutes annotated, and amendments thereto, on or before October 15 of the year preceding the tax year for which the property is to be classified and appraised, the county appraiser or the taxpayer may request that the director of property valuation contract with an independent appraiser to classify and appraise natural gas and helium processing facilities, ethanol facilities, crude oil refineries, fertilizer manufacturing facilities, cement manufacturing facilities, and such other complex industrial properties as otherwise requested by the county appraiser or the taxpayer. Before making such request, the county appraiser and the taxpayer shall be required to meet to discuss the property at issue, including the suitability of the property to be classified and appraised by an independent appraiser, as provided in this section. After such meeting and upon request by the county or the taxpayer, the director shall contract with an independent appraiser from the list of appraisers as provided in subsection (b) to conduct such determination of the property. Prior to entering into any contract with an independent appraiser to classify and appraise the property at issue, the director shall meet with the county appraiser to discuss the costs of an independent appraisal. The county shall be responsible for all reasonable and prior approved costs of the independent classification and appraisal.

(b) The director shall maintain a list of qualified appraisers who are certified real property appraisers and who have at least three years of experience in the classification and appraisal of the types of property described in this section.

(c) The final determination made by the independent appraiser pursuant to this section shall be admissible before the courts of this state and the Kansas court of tax appeals in any subsequent classification and valuation proceedings.

New Sec. 5. The director of property valuation may require the county appraiser and the taxpayer to submit such documentation to the independent appraiser described in section 4, and amendments thereto, as necessary in order to classify and appraise the property. The taxpayer shall permit one or more physical inspections of the property, scheduled at mutually agreeable times so as not to delay the timely completion of the classification and appraisal of the property.

New Sec. 6. (a) The director of property valuation shall notify the taxpayer and the county appraiser on or before March 1 for real property and May 1 for personal property, of the classification and appraised valuation of the property described in section 4, and amendments thereto. Such notification shall be mailed to the county appraiser and to the taxpayer at the taxpayer's last known address.

(b) Within 15 days of receipt of the notification required by subsection (a) of this section, if the taxpayer or the county appraiser has any objection to the notification as issued, the taxpayer or the county appraiser shall notify the director of property valuation in writing of such objection. Within 30 days of the receipt by the director of such objection, the director shall hold an informal meeting with the taxpayer and the county and shall issue a final determination, which shall become effective for purposes of appeal as provided in K.S.A. 79-1609, and amendments thereto. Informal meetings held pursuant to this section may be conducted by the director or the director's designee. An informal meeting with the director or the director's designee shall be a condition precedent to an appeal to the court of tax appeals.

New Sec. 7. Prior to January 1, 2015, the secretary of revenue shall adopt rules and regulations necessary to administer the provisions of sections 4 through 6, and amendments thereto.

Sec. 8. K.S.A. 2013 Supp. 79-1609 is hereby amended to read as follows: 79-1609. Any person aggrieved by any order of the hearing officer or panel, *or by the classification and appraisal of an independent ap-*

praiser, as provided in section 6, and amendments thereto, may appeal to the state court of tax appeals by filing a written notice of appeal, on forms approved by the state court of tax appeals and provided by the county clerk for such purpose, stating the grounds thereof and a description of any comparable property or properties and the appraisal thereof upon which they rely as evidence of inequality of the appraisal of their property, if that be a ground of the appeal, with the state court of tax appeals and by filing a copy thereof with the county clerk within 30 days after the date of the order from which the appeal is taken. A county or district appraiser may appeal to the state court of tax appeals from any order of the hearing officer or panel. With regard to any matter properly submitted to the court relating to the determination of valuation of residential property or real property used for commercial and industrial purposes for taxation purposes, it shall be the duty of the county appraiser to initiate the production of evidence to demonstrate, by a preponderance of the evidence, the validity and correctness of such determination. With regard to leased commercial and industrial property, the presumption of validity and correctness of such determination shall exist in favor of the county or district appraiser unless, within 30 calendar days following the informal meeting required by K.S.A. 79-1448, and amendments thereto, the taxpayer furnished to the county or district appraiser complete income and expense statements for the property for the three years next preceding the year of appeal.

Sec. 9. K.S.A. 2013 Supp. 12-1744a is hereby amended to read as follows: 12-1744a. (a) At least seven days prior to the issuance of any revenue bonds, the city or county shall file a statement with the state court of tax appeals of such proposed issuance containing the following information:

(1) The name of the city or county proposing to issue the revenue bonds, the lessee, the guarantor, if any, the paying or fiscal agent, the underwriter, if any, and all attorneys retained to render an opinion on the issue;

(2) a legal description of any property to be exempted from ad valorem taxes, including the city or county in which the facility will be located;

(3) the appraised valuation of the property to be exempted from ad valorem taxes as shown on the records of the county as of the next preceding January 1. *Any listing of property shall not constitute a classification of the property. Classification of any property acquired during the tax exemption period shall be determined at the end of the exemption period in accordance with section 2, and amendments thereto;*

(4) the estimated total cost of the facility showing a division of such total cost between real and personal property;

(5) if the facility to be financed is an addition to or further improvement of an existing facility the cost of which was financed by revenue bonds issued under the provisions of this act, the date of issuance of such revenue bonds, and if such facility or any portion thereof is presently exempt from property taxation, the period for which the same is exempt;

(6) the principal amount of the revenue bonds to be issued;

(7) the amount of any payment to be made in lieu of taxes;

(8) an itemized list of service fees or charges to be paid by the lessee together with a detailed description of the services to be rendered therefor;

(9) a reasonably detailed description of the use of bond proceeds, including whether they will be used to purchase, acquire, construct, reconstruct, improve, equip, furnish, enlarge or remodel the facility in question;

(10) the proposed date of issuance of such revenue bonds.

(b) Any change in the information or documents required to be filed pursuant to subsection (a) which does not materially adversely affect the security for the revenue bond issue may be made within the fifteen-day period prior to issuance of the revenue bonds by filing the amended information or document with the state court of tax appeals.

(c) Any notice required to be filed pursuant to the provisions of subsection (a) shall be accompanied by a filing fee, which shall be fixed by rules and regulations of the state court of tax appeals, in an amount suf-

ficient to defray the cost of reviewing the information and documents required to be contained in the notice.

(d) Information required to be filed by subsection (a) of this section shall be in addition to any filing required by K.S.A. 79-210, and amendments thereto.

(e) The state court of tax appeals may require any information listed under subsection (a) deemed necessary, to be filed by a city or county concerning agreements entered into prior to the effective date of this act.

(f) The state court of tax appeals shall prepare and compile annually a report containing the information required to be filed pursuant to subsection (a) for each issuance of revenue bonds made pursuant to K.S.A. 12-1740 et seq., and amendments thereto. Such report shall be published in convenient form for the use and information of the legislature, taxpayers, public officers and other interested parties, and shall be available on January 10 of each year.

Sec. 10. K.S.A. 2013 Supp. 79-251 is hereby amended to read as follows: 79-251. Prior to the granting of an exemption for any property from ad valorem taxation pursuant to the provisions of section 13 of article 11 of the ~~Kansas~~ constitution *of the state of Kansas*, the board of county commissioners of any county or the governing body of any city, as the case requires, shall be required to do the following:

(a) Develop and adopt official policies and procedures for the granting of such exemptions including:

(1) The required preparation of an analysis of the costs and benefits of each exemption, including the effect of the exemption on state revenues, prior to the granting of such exemption;

(2) a procedure for monitoring the compliance of a business receiving an exemption with any terms or conditions established by the governing body for the granting of the exemption;

(b) conduct a public hearing on the granting of such exemption. Notice of the public hearing shall be published at least once seven days prior to the hearing in the official city or county newspaper, as the case requires, and shall indicate the purpose, time and place thereof. In addition to such publication notice, the city or county clerk, as the case requires, shall notify in writing the governing body of the city or county and unified school district within which the property proposed for exemption is located; and

(c) adopt a resolution containing the following findings of fact:

(1) That the property for which the exemption is to be granted will be used exclusively for the purposes specified in section 13 of article 11 of the ~~Kansas~~ constitution *of the state of Kansas*; and

(2) if the business using the property is relocating from one city or county to another within this state, that the business has received approval of the secretary of commerce prior to qualifying for the exemption upon a finding by the secretary that such relocation is necessary to prevent the business from relocating outside this state.

(d) *Any listing of property submitted by the business as part of the exemption process shall not constitute a classification of the property. Classification of any property acquired during the tax exemption shall be determined at the end of the exemption period in accordance with section 2, and amendments thereto.*

New Sec. 11. (a) In accordance with the provisions of section 1 of article 11 of the constitution of the state of Kansas, all commercial and industrial machinery used directly in the manufacture of cement, lime or similar products including: Kilns, pumps, lifts, process fans, bucket elevators, compressors, raw mills, hammer mills, grinders, conveyors, ball mills, mixers, storage tanks, scales, crushers, reclaimers, processing vessels, filters, electric motors, cement and clinker coolers, finish mills, separators, electric hoists, stackers, roller mills, clinker breakers, hydraulic and lubricating systems used directly in manufacturing and processing activities, analyzers, aeration systems, air pollution control equipment, bulk loading systems, material and gas flow distribution gates and handling and transport systems, except public utility property valued and assessed pursuant to K.S.A. 79-5a01 et seq., and amendments thereto, are hereby defined as commercial and industrial machinery and equipment, and shall be classified for property tax purposes as tangible personal property within subclass 5 of class 2 of section 1 of article 11 of the

constitution of the state of Kansas. All such property shall be valued in accordance with the provisions of subsection (b)(2)(E) of K.S.A. 79-1439, and amendments thereto.

(b) The provisions of this section shall apply to all taxable years commencing after December 31, 2013.

Sec. 12. K.S.A. 2013 Supp. 79-5107 is hereby amended to read as follows: 79-5107. (a) Except as provided in subsection (e), the tax imposed by this act upon any motor vehicle, other than a motor vehicle which replaces a motor vehicle previously registered and taxed in this state and to which registration plates are transferred, which has been acquired, or brought into the state, or for any other reason becomes subject to registration after the owner's regular annual motor vehicle registration date, shall become due and payable at the time such motor vehicle becomes subject to registration under the laws of this state and the amount of tax to be paid by the owner for the remainder of the tax year shall be an amount which is equal to $\frac{1}{12}$ of the tax which would have been due upon such motor vehicle for the full registration year, multiplied by the number of full calendar months remaining in the registration year of the owner of such vehicle. Such tax shall be paid at the time of the registration of such motor vehicle.

(b) Except as provided in subsection (e), the tax upon a motor vehicle, which replaces a motor vehicle previously registered and taxed in this state and to which registration plates are transferred, which is registered at any time other than the annual registration date prescribed by law for the registration of such motor vehicle, shall be in an amount equal to the amount by which: (1) One-twelfth of the tax which would have been due upon such replacement motor vehicle for the full registration year multiplied by the number of full calendar months remaining in the registration year for such motor vehicle, exceeds (2) one-twelfth of the tax which would have been due for the full registration year upon the motor vehicle replaced multiplied by the number of full calendar months remaining in such registration year. Such tax shall be paid at the time of registration of such replacement vehicle.

(c) Whenever the tax imposed under this act has been paid upon any motor vehicle and title to such vehicle is transferred and no replacement vehicle is substituted therefor such taxpayer shall be entitled to a refund in an amount equal to $\frac{1}{12}$ of the tax due upon such motor vehicle for the full registration year, multiplied by the number of full calendar months remaining in such registration year. Whenever the tax imposed under this act upon any replacement motor vehicle for the remainder of the registration year is less than the tax paid on the motor vehicle replaced for the remainder of such registration year, the taxpayer shall be entitled to a refund in the amount by which the tax paid upon the vehicle replaced exceeds the tax due upon the replacement vehicle. All refunds shall be paid by the county treasurer from the moneys received from taxes upon motor vehicles imposed by this act which have not been distributed. No refund shall be made under the authority of this subsection for a sum less than \$5.

(d) Whenever the tax imposed under this act has been paid upon any motor vehicle and the owner thereof has established residence in another state during such vehicle's registration year, such owner shall be entitled to a refund of such taxes in an amount equal to $\frac{1}{12}$ of the tax paid upon such motor vehicle for the full registration year, multiplied by the number of full calendar months remaining in such registration year after the month of establishing residence in another state. No such refund shall be allowed unless and until the owner submits to the county treasurer evidence of a valid driver's license and motor vehicle registration in another state, and surrenders the Kansas license plate. All refunds shall be paid by the county treasurer from the moneys received from taxes upon motor vehicles which have not been distributed. No refund shall be made for a sum less than \$5.

(e) (1) No tax shall be levied under the provisions of this act upon not more than two motor vehicles which are owned by a resident individual:

(A) Who is in the full-time military service of the United States, is absent from this state solely by reason of military orders on the date of

such individual's application for registration and such motor vehicles are maintained by such individual outside of this state; ~~or~~

(B) who is a member of the military service of the United States and is mobilized or deployed on the date of such individual's application for registration; *or*

(C) *who is a full-time member of the military service of the United States, and is stationed in Kansas, or who is a full-time active guard and reservist member of the Kansas army or air national guard or a Kansas unit of the reserve forces of the United States under authority of title 10 or title 32 of the U.S. code, and is stationed or assigned in Kansas.*

(2) The owner of a motor vehicle not subject to tax pursuant to the provisions of subsection (e)(1) who has paid the tax levied under the provisions of K.S.A. 79-5101, and amendments thereto, may apply for a refund with the county treasurer not later than one year from the effective date of this act. The county treasurer shall refund any such taxes previously paid by such owner of a motor vehicle.

The provisions of this subsection shall be applicable on and after December 31, ~~2003~~ 2013.

New Sec. 13. If any provision of this act or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect other provisions or applications of this act which can be given effect without the invalid provision or application, and to this end the provisions of this act are declared to be severable.

Sec. 14. K.S.A. 2013 Supp. 28-115 is hereby amended to read as follows: 28-115. (a) The register of deeds of each county shall charge and collect the following fees:

For recording deeds, mortgages or other instruments of writing, for first page, not to exceed legal size page—8½" x 14"	\$6.00
For second page and each additional page or fraction thereof ..	2.00
Recording town plats, for each page	20.00
Recording release or assignment of real estate mortgage	5.00
Certificate, certifying any instrument on record	1.00
Acknowledgment of a signature50
For filing notices of tax liens under the internal revenue laws of the United States	5.00
For filing releases of tax liens, certificates of discharge, under the internal revenue laws of the United States or the revenue laws of the state of Kansas	5.00
For filing liens for materials and services under K.S.A. 58-201, and amendments thereto	5.00

(1) *For the following documents received and filed prior to January 1, 2015, the fees shall be:*

- (A) *For recording deeds, mortgages or other instruments of writing, for first page, not to exceed legal size page—8½" x 14", a fee of \$6;*
- (B) *for second page and each additional page or fraction thereof of deeds, mortgages or other instruments of writing, a fee of \$2;*
- (C) *recording town plats, for each page, a fee of \$20;*
- (D) *recording release or assignment of real estate mortgages, a fee of \$5;*
- (E) *certificate, certifying any instrument on record, a fee of \$1;*
- (F) *acknowledgment of a signature, a fee of \$.50;*
- (G) *for filing notices of tax liens under the internal revenue laws of the United States, a fee of \$5;*
- (H) *for filing releases of tax liens and certificates of discharge under the internal revenue laws of the United States or the revenue laws of the state of Kansas, a fee of \$5; and*
- (I) *for filing liens for materials and services under K.S.A. 58-201, and amendments thereto, a fee of \$5.*

(2) *For the following documents received and filed on and after January 1, 2015, but prior to January 1, 2016, the fees shall be:*

- (A) *For recording deeds, mortgages or other instruments of writing, for first page, not to exceed legal size page—8½" x 14", a fee of \$8;*
- (B) *for second page and each additional page or fraction thereof of deeds, mortgages or other instruments of writing, a fee of \$4;*
- (C) *recording town plats, for each page, a fee of \$23;*
- (D) *recording release or assignment of real estate mortgages, a fee of \$7;*

- (E) *certificate, certifying any instrument on record, a fee of \$4;*
 - (F) *acknowledgment of a signature, a fee of \$3.50;*
 - (G) *for filing notices of tax liens under the internal revenue laws of the United States, a fee of \$8;*
 - (H) *for filing releases of tax liens and certificates of discharge under the internal revenue laws of the United States or the revenue laws of the state of Kansas, a fee of \$8; and*
 - (I) *for filing liens for materials and services under K.S.A. 58-201, and amendments thereto, a fee of \$8.*
- (3) *For the following documents received and filed on and after January 1, 2016, but prior to January 1, 2017, the fees shall be:*
- (A) *For recording deeds, mortgages or other instruments of writing, for first page, not to exceed legal size page—8½" x 14", a fee of \$11;*
 - (B) *for second page and each additional page or fraction thereof of deeds, mortgages or other instruments of writing, a fee of \$7;*
 - (C) *recording town plats, for each page, a fee of \$26;*
 - (D) *recording release or assignment of real estate mortgages, a fee of \$10;*
 - (E) *certificate, certifying any instrument on record, a fee of \$7;*
 - (F) *acknowledgment of a signature, a fee of \$6.50;*
 - (G) *for filing notices of tax liens under the internal revenue laws of the United States, a fee of \$11;*
 - (H) *for filing releases of tax liens and certificates of discharge under the internal revenue laws of the United States or the revenue laws of the state of Kansas, a fee of \$11; and*
 - (I) *for filing liens for materials and services under K.S.A. 58-201, and amendments thereto, a fee of \$11.*
- (4) *For the following documents received and filed on and after January 1, 2017, but prior to January 1, 2018, the fees shall be:*
- (A) *For recording deeds, mortgages or other instruments of writing, for first page, not to exceed legal size page—8½" x 14", a fee of \$14;*
 - (B) *for second page and each additional page or fraction thereof of deeds, mortgages or other instruments of writing, a fee of \$10;*
 - (C) *recording town plats, for each page, a fee of \$29;*
 - (D) *recording release or assignment of real estate mortgages, a fee of \$13;*
 - (E) *certificate, certifying any instrument on record, a fee of \$10;*
 - (F) *acknowledgment of a signature, a fee of \$9.50;*
 - (G) *for filing notices of tax liens under the internal revenue laws of the United States, a fee of \$14;*
 - (H) *for filing releases of tax liens and certificates of discharge under the internal revenue laws of the United States or the revenue laws of the state of Kansas, a fee of \$14; and*
 - (I) *for filing liens for materials and services under K.S.A. 58-201, and amendments thereto, a fee of \$14.*
- (5) *For the following documents received and filed on and after January 1, 2018, the fees shall be:*
- (A) *For recording deeds, mortgages or other instruments of writing, for first page, not to exceed legal size page—8½" x 14", a fee of \$17;*
 - (B) *for second page and each additional page or fraction thereof of deeds, mortgages or other instruments of writing, a fee of \$13;*
 - (C) *recording town plats, for each page, a fee of \$32;*
 - (D) *recording release or assignment of real estate mortgages, a fee of \$16;*
 - (E) *certificate, certifying any instrument on record, a fee of \$13;*
 - (F) *acknowledgment of a signature, a fee of \$12.50;*
 - (G) *for filing notices of tax liens under the internal revenue laws of the United States, a fee of \$17;*
 - (H) *for filing releases of tax liens and certificates of discharge under the internal revenue laws of the United States or the revenue laws of the state of Kansas, a fee of \$17; and*
 - (I) *for filing liens for materials and services under K.S.A. 58-201, and amendments thereto, a fee of \$17.*
- (b) In addition to the fees required to be charged and collected pursuant to subsection (a), the register of deeds shall charge and collect an additional fee of \$2 per page prior to January 1, 2015, and \$3 per page on and after January 1, 2015, for recording:

(1) The first page of any deeds, mortgages or other instruments of writing, not to exceed legal size—8½" x 14";

(2) the second page and each additional page or fraction of any deeds, mortgages or instruments of writing; and

(3) a release or assignment of real estate mortgage.

Any fees collected pursuant to this subsection shall be paid by the register of deeds to the county treasurer. *Prior to January 1, 2015, the county treasurer shall deposit such funds in the register of deeds technology fund as provided by K.S.A. 2013 Supp. 28-115a, and amendments thereto. On and after January 1, 2015, the county treasurer shall deposit \$2 of such funds in the register of deeds technology fund as provided by K.S.A. 2013 Supp. 28-115a, and amendments thereto, \$.50 of such funds in the county clerk technology fund as provided by section 16, and amendments thereto, and \$.50 of such funds in the county treasurer technology fund as provided by section 17, and amendments thereto.*

(c) For any filing or service provided for in the uniform commercial code, the amount therein provided, shall be charged and collected. No fee shall be charged or collected for any filing made by the secretary of health and environment or the secretary's designee pursuant to K.S.A. 39-709, and amendments thereto.

(d) If the name or names of the signer or signers or any notary public to any instrument to be recorded are not plainly typed or printed under the signatures affixed to the instrument, the register of deeds shall charge and collect a fee of \$1 in addition to all other fees provided in this section.

(e) If sufficient space is not provided for the necessary recording information and certification on a document, such recording information shall be placed on an added sheet and such sheet shall be counted as a page. The document shall be of sufficient legibility so as to produce a clear and legible reproduction ~~thereof~~. If a document is judged not to be of sufficient legibility so as to produce a clear and legible reproduction, such document shall be accompanied by an exact copy ~~thereof~~ which shall be of sufficient legibility so as to produce a clear and legible reproduction ~~thereof~~ and which shall be recorded contemporaneously with the document and shall be counted as additional pages. The register of deeds may reject any document which is not of sufficient legibility so as to produce a clear and legible reproduction ~~thereof~~.

(f) Any document which was filed on or after January 1, 1989, which was of a size print or type smaller than 8-point type but which otherwise was properly filed shall be deemed to be validly filed.

(g) All fees required to be collected pursuant to this section, except those charged for the filing of liens and releases of tax liens under the internal revenue laws of the United States, shall be due and payable before the register of deeds shall be required to do the work. If the register of deeds fails to collect any of the fees provided in this section, the amount of the fees at the end of each quarter shall be deducted from the register's salary.

(h) Except as otherwise provided by subsection (b), all fees required to be collected pursuant to this section shall be paid by the register of deeds to the county treasurer and deposited into the general fund of the county.

(i) On and after January 1, 2015, in addition to the fees required to be charged and collected pursuant to subsection (a), the register of deeds shall charge and collect an additional fee of \$1 per page for recording:

(1) The first page of any deeds, mortgages or other instruments of writing, not to exceed legal size—8½" x 14";

(2) the second page and each additional page or fraction of any deeds, mortgages or instruments of writing; and

(3) a release or assignment of real estate mortgage.

Any fees collected pursuant to this subsection shall be paid by the register of deeds to the county treasurer. The county treasurer shall pay quarterly to the state treasurer all funds accruing under this subsection. All such moneys paid to the state treasurer shall be deposited in the state treasury and credited to the heritage trust fund. No payments under this subsection shall be made by the county treasurer to the state treasurer during any calendar year in excess of a total of \$30,000. All moneys collected in excess of this amount which under this subsection would be paid to the state treasurer shall be credited to the county general fund.

(j) On and after January 1, 2015, the fee shall not exceed \$125 for

recording single family mortgages on principal residences imposed pursuant to this section where the principal debt or obligation secured by the mortgage is \$75,000 or less.

Sec. 15. K.S.A. 79-3102 is hereby amended to read as follows: 79-3102. (a) Before any mortgage of real property, or renewal or extension of such a mortgage, is received and filed for record, there shall be paid to the register of deeds of the county in which such property or any part thereof is situated a registration fee of ~~0.26%~~ tax of the principal debt or obligation which is secured by such mortgage, *which tax shall be computed in accordance with the following schedules.* In the event the mortgage states that an amount less than the entire principal debt or obligation will be secured thereby, the registration fee shall be paid on such lesser amount.

(1) *For all mortgages of real property, or renewal or extension of such a mortgage, received and filed for record prior to January 1, 2015, the tax shall be 0.26% of the principal debt or obligation which is secured by such mortgage.*

(2) *For all mortgages of real property, or renewal or extension of such a mortgage, received and filed for record on and after January 1, 2015, but prior to January 1, 2016, the tax shall be 0.2% of the principal debt or obligation which is secured by such mortgage.*

(3) *For all mortgages of real property, or renewal or extension of such a mortgage, received and filed for record on and after January 1, 2016, but prior to January 1, 2017, the tax shall be 0.15% of the principal debt or obligation which is secured by such mortgage.*

(4) *For all mortgages of real property, or renewal or extension of such a mortgage, received and filed for record on and after January 1, 2017, but prior to January 1, 2018, the tax shall be 0.1% of the principal debt or obligation which is secured by such mortgage.*

(5) *For all mortgages of real property, or renewal or extension of such a mortgage, received and filed for record on and after January 1, 2018, but prior to January 1, 2019, the tax shall be 0.05% of the principal debt or obligation which is secured by such mortgage.*

(6) *For all mortgages of real property, or renewal or extension of such a mortgage, received and filed for record on and after January 1, 2019, the tax shall be 0.0% of the principal debt or obligation which is secured by such mortgage.*

(b) As used herein, “principal debt or obligation” shall not include any finance charges or interest.

(c) In any case where interest has been precomputed, the register of deeds may require the person filing the mortgage to state the amount of the debt or obligation owed before computation of interest.

(d) No registration fee whatsoever shall be paid, collected or required for or on: (1) Any mortgage or other instrument given solely for the purpose of correcting or perfecting a previously recorded mortgage or other instrument; (2) any mortgage or other instrument given for the purpose of providing additional security for the same indebtedness, where the registration fee herein provided for has been paid on the original mortgage or instrument; (3) any mortgage or other instrument upon that portion of the consideration stated in the mortgage tendered for filing which is verified by affidavit to be principal indebtedness covered or included in a previously recorded mortgage or other instrument with the same lender or their assigns upon which the registration fee herein provided for has been paid; (4) any lien, indenture, mortgage, bond or other instrument or encumbrance nor for the note or other promise to pay thereby secured, all as may be assigned, continued, transferred, reissued or otherwise changed by reason of, incident to or having to do with the migration to this state of any corporation, by merger or consolidation with a domestic corporation as survivor, or by other means, where the original secured transaction, for which the registration fee has once been paid, is thereby continued or otherwise acknowledged or validated; (5) any mortgage or other instrument given in the form of an affidavit of equitable interest solely for the purpose of providing notification by the purchaser of real property of the purchaser’s interest therein; (6) any mortgage in which a certified development corporation certified by the United States small business administration participates pursuant to its community economic development program; (7) any mortgage or other instrument

given for the sole purpose of changing the trustee; or (8) any mortgage for which the registration fee is otherwise not required by law.

(e) The register of deeds shall receive no additional fees or salary by reason of the receipt of fees as herein provided. After the payment of the registration fees as aforesaid the mortgage and the note thereby secured shall not otherwise be taxable.

New Sec. 16. (a) On January 1, 2015, there is hereby created in each county a county clerk technology fund.

(b) Upon receipt thereof, the county treasurer shall credit to the county clerk technology fund of the county all moneys attributable to the fees collected pursuant to subsection (b) of K.S.A. 28-115, and amendments thereto.

(c) Moneys in the county clerk technology fund shall be used by the county clerk to acquire equipment and technological services for the storing, recording, archiving, retrieving, maintaining and handling of data recorded, stored or generated in the office of the county clerk.

(d) Moneys in such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In making the budget of the county, the amounts credited to, and the amount on hand in, such special fund and the amount expended from such fund shall be shown on the budget for the information of the taxpayers of the county. Any action taken by the county clerk under this subsection shall be in accordance with K.S.A. 19-302, and amendments thereto.

(e) Moneys in such fund may be invested in accordance with the provisions of K.S.A. 10-131, and amendments thereto, with interest thereon credited to such fund.

(f) The fund shall be administered by the county treasurer who shall pay out moneys from the fund upon orders signed by the county clerk.

(g) At the end of any calendar year, if the balance in such fund exceeds \$50,000 and the county clerk indicates that such amount in excess of \$50,000 shall not be needed and is not designated for technology, the county commission may authorize the transfer and use of such excess moneys by other county offices for equipment or technological services relating to the land or property records filed or maintained by the county.

(h) If a charter form of government is adopted and implemented pursuant to K.S.A. 19-2680 et seq., and amendments thereto, the provisions of this section shall apply to the official, department or office which performs the duties and functions prescribed for the office of the county clerk.

New Sec. 17. (a) On January 1, 2015, there is hereby created in each county a county treasurer technology fund.

(b) Upon receipt thereof, the county treasurer shall credit to the county treasurer technology fund of the county all moneys attributable to the fees collected pursuant to subsection (b) of K.S.A. 28-115, and amendments thereto.

(c) Moneys in the county treasurer technology fund shall be used by the county treasurer to acquire equipment and technological services for the storing, recording, archiving, retrieving, maintaining and handling of data recorded, stored or generated in the office of the county treasurer.

(d) Moneys in such fund shall not be subject to the provisions of K.S.A. 79-2925 through 79-2937, and amendments thereto. In making the budget of the county, the amounts credited to, and the amount on hand in, such special fund and the amount expended from such fund shall be shown on the budget for the information of the taxpayers of the county. Any action taken by the county treasurer under this subsection shall be in accordance with K.S.A. 19-503, and amendments thereto.

(e) Moneys in such fund may be invested in accordance with the provisions of K.S.A. 10-131, and amendments thereto, with interest thereon credited to such fund.

(f) The fund shall be administered by the county treasurer who shall pay out moneys from the fund upon orders signed by the county treasurer.

(g) At the end of any calendar year, if the balance in such fund exceeds \$50,000 and the county treasurer indicates that such amount in excess of \$50,000 shall not be needed and is not designated for technology, the county commission may authorize the transfer and use of such excess moneys by other county offices for equipment or technological

services relating to the land or property records filed or maintained by the county.

(h) If a charter form of government is adopted and implemented pursuant to K.S.A. 19-2680 et seq., and amendments thereto, the provisions of this section shall apply to the official, department or office which performs the duties and functions prescribed for the office of the county treasurer.

Sec. 18. K.S.A. 2013 Supp. 79-3228 is hereby amended to read as follows: 79-3228. (a) For all taxable years ending prior to January 1, 2002, if any taxpayer, without intent to evade the tax imposed by this act, shall fail to file a return or pay the tax, if one is due, at the time required by or under the provisions of this act, but shall voluntarily file a correct return of income or pay the tax due within six months thereafter, there shall be added to the tax an additional amount equal to 10% of the unpaid balance of tax due plus interest at the rate prescribed by subsection (a) of K.S.A. 79-2968, and amendments thereto, from the date the tax was due until paid.

(b) For all taxable years ending prior to January 1, 2002, if any taxpayer fails voluntarily to file a return or pay the tax, if one is due, within six months after the time required by or under the provisions of this act, there shall be added to the tax an additional amount equal to 25% of the unpaid balance of tax due plus interest at the rate prescribed by subsection (a) of K.S.A. 79-2968, and amendments thereto, from the date the tax was due until paid. Notwithstanding the foregoing, in the event an assessment is issued following a field audit for any period for which a return was filed by the taxpayer and all of the tax was paid pursuant to such return, a penalty shall be imposed for the period included in the assessment in the amount of 10% of the unpaid balance of tax due shown in the notice of assessment. If after review of a return for any period included in the assessment, the secretary or secretary's designee determines that the underpayment of tax was due to the failure of the taxpayer to make a reasonable attempt to comply with the provisions of this act, such penalty shall be imposed for the period included in the assessment in the amount of 25% of the unpaid balance of tax due.

(c) For all taxable years ending after December 31, 2001, if any taxpayer fails to file a return or pay the tax if one is due, at the time required by or under the provisions of this act, there shall be added to the tax an additional amount equal to 1% of the unpaid balance of the tax due for each month or fraction thereof during which such failure continues, not exceeding 24% in the aggregate, plus interest at the rate prescribed by subsection (a) of K.S.A. 79-2968, and amendments thereto, from the date the tax was due until paid. Notwithstanding the foregoing, in the event an assessment is issued following a field audit for any period for which a return was filed by the taxpayer and all of the tax was paid pursuant to such return, a penalty shall be imposed for the period included in the assessment in an amount of 1% per month not exceeding 10% of the unpaid balance of tax due shown in the notice of assessment. If after review of a return for any period included in the assessment, the secretary or secretary's designee determines that the underpayment of tax was due to the failure of the taxpayer to make a reasonable attempt to comply with the provisions of this act, such penalty shall be imposed for the period included in the assessment in the amount of 25% of the unpaid balance of tax due.

(d) *For all taxable years ending after December 31, 2013, if any taxpayer who has failed to file a return or has filed an incorrect or insufficient return, and after notice from the director refuses or neglects within 20 days to file a proper return, the director shall determine the income of such taxpayer according to the best available information and assess the tax together with a penalty of 50% of the unpaid balance of tax due plus interest at the rate prescribed by subsection (a) of K.S.A. 79-2968, and amendments thereto, from the date the tax was originally due to the date of payment. If, at any time, a taxpayer filed a return and paid in full the tax due as stated on the return, at the time required by or under the provisions of this act and subsequently is adjusted by the director, and a notice of liability is sent to the taxpayer, no penalty shall be assessed under the provisions of this subsection with respect to any underpayment of income tax liability due to the adjustment if any such tax is paid within*

30 days of such notice of liability. If any such tax is not paid within 30 days of original notice, the penalty provided under the provisions of this subsection shall apply.

(e) Any person, who with fraudulent intent, fails to pay any tax or to make, render or sign any return, or to supply any information, within the time required by or under the provisions of this act, shall be assessed a penalty equal to the amount of the unpaid balance of tax due plus interest at the rate prescribed by subsection (a) of K.S.A. 79-2968, and amendments thereto, from the date the tax was originally due to the date of payment. Such person shall also be guilty of a misdemeanor and shall, upon conviction, be fined not more than \$1,000 or be imprisoned in the county jail not less than 30 days nor more than one year, or both such fine and imprisonment.

(f) Any person who willfully signs a fraudulent return shall be guilty of a felony, and upon conviction thereof shall be punished by imprisonment for a term not exceeding five years. The term “person” as used in this section includes any agent of the taxpayer, and officer or employee of a corporation or a member or employee of a partnership, who as such officer, employee or member is under a duty to perform the act in respect of which the violation occurs.

(g) (1) Whenever the secretary or the secretary’s designee determines that the failure of the taxpayer to comply with the provisions of subsections (a), (b), (c) and (d) of this section was due to reasonable causes, the secretary or the secretary’s designee may waive or reduce any of the penalties and may reduce the interest rate to the underpayment rate prescribed and determined for the applicable period under section 6621 of the federal internal revenue code as in effect on January 1, 1994, upon making a record of the reasons therefor.

(2) No penalty shall be assessed hereunder with respect to any underpayment of income tax liability reported on any amended return filed by any taxpayer who at the time of filing pays such underpayment and whose return is not being examined at the time of filing.

(3) No penalty assessed hereunder shall be collected if the taxpayer has had the tax abated on appeal, and any penalty collected upon such tax shall be refunded.

(h) In case of a nonresident or any officer or employee of a corporation, the failure to do any act required by or under the provisions of this act shall be deemed an act committed in part at the office of the director.

(i) In the case of a nonresident individual, partnership or corporation, the failure to do any act required by or under the provision of this act shall prohibit such nonresident from being awarded any contract for construction, reconstruction or maintenance or for the sale of materials and supplies to the state of Kansas or any political subdivision thereof until such time as such nonresident has fully complied with this act.

Sec. 19. K.S.A. 2013 Supp. 74-50,222 is hereby amended to read as follows: 74-50,222. As used in K.S.A. 74-50,222, 74-50,223 and 79-32,267, and amendments thereto:

(a) “Institution of higher education” means a public or private non-profit educational institution that meets the requirements of participation in programs under the higher education act of 1965, as amended, 34 C.F.R. § 600;

(b) “rural opportunity zone” means Allen, Anderson, Barber, Bourbon, Brown, Chase, Chautauqua, *Cherokee*, Cheyenne, Clark, Clay, Cloud, Coffey, Comanche, Decatur, *Doniphan*, Edwards, Elk, Ellsworth, Gove, Graham, Grant, Gray, Greeley, Greenwood, Hamilton, Harper, Haskell, Hodgeman, Jackson, Jewell, Kearny, Kingman, Kiowa, *Labette*, Lane, Lincoln, Linn, Logan, Marion, Marshall, Meade, Mitchell, *Montgomery*, Morris, Morton, Nemaha, Neosho, Ness, Norton, Osborne, Ottawa, Pawnee, Phillips, Pratt, Rawlins, Republic, Rice, Rooks, Rush, Russell, Scott, Sheridan, Sherman, Smith, Stafford, Stanton, Stevens, *Sumner*, Trego, Thomas, Wabaunsee, Wallace, Washington, Wichita, Wilson or Woodson counties;

(c) “secretary” means the secretary of commerce; and

(d) “student loan” means a federal student loan program supported by the federal government and a nonfederal loan issued by a lender such

as a bank, savings and loan or credit union to help students and parents pay school expenses for attendance at an institution of higher education.

Sec. 20. K.S.A. 79-3102 and K.S.A. 2013 Supp. 12-1744a, 28-115, 74-50,222, 79-251, 79-1609, 79-3228 and 79-5107 are hereby repealed.

Sec. 21. On January 1, 2015, K.S.A. 79-3107b is hereby repealed.

Sec. 22. On January 1, 2019, K.S.A. 79-3101, 79-3102, as amended by section 15 of 2014 House Bill No. 2643, 79-3103, 79-3104, 79-3105, 79-3106, 79-3107, 79-3107a and K.S.A. 2013 Supp. 79-3107c are hereby repealed.

Sec. 23. This act shall take effect and be in force from and after its publication in the statute book.

I hereby certify that the above BILL originated in the HOUSE, and was adopted by that body

HOUSE adopted
Conference Committee Report _____

Speaker of the House.

Chief Clerk of the House.

Passed the SENATE
as amended _____

SENATE adopted
Conference Committee Report _____

President of the Senate.

Secretary of the Senate.

APPROVED _____

Governor.