

# PROPERTY TAX EXEMPTIONS

## Kansas

Exemption of Property for Economic Development Purposes Counties and cities may exempt from ad valorem taxation all or any portion of the appraised value of all buildings, or added improvements, together with the land upon which such buildings are located, and all associated tangible personal property used exclusively by a business for:

**Manufacturing articles of commerce;**

Conducting research and development; or

Storing goods or commodities which are sold or traded in interstate commerce.

The property must be associated with a business which is new to a county, and if the property was already in Kansas prior to the exemption, the city or county must make a determination that if not for the exemption, Kansas would have lost jobs. Additions to or expansions of existing buildings qualify for the property tax exemptions, if, as a result of the expansion, new jobs are created.

Total or partial ad valorem tax exemption may be in effect for up to 10 years after the calendar year in which a business commences its operations or an expansion is completed. Any property tax abatement is the decision of the city or county.

**Machinery & Equipment Personal Property Tax Exemption**

Commercial and industrial machinery and equipment acquired by qualified purchase or lease, or transferred into the state, is exempt from state and local property tax. This exemption pertains to machinery and equipment used in the expansion of an existing facility or the establishment of a new facility. The exemption covers machinery and equipment used in manufacturing or warehousing/distribution, commercial equipment, computer, desks and chairs, copiers and fax machines.

**Businesses Using Industrial Revenue Bonds**

Property financed with Industrial Revenue Bonds (IRBs) is exempt from ad valorem taxation for up to 10 years after the bonds are issued. However, localities may elect to negotiate "payments in lieu of taxes."

**Inventory Exemption**

All merchants' and manufacturers' inventories are exempt from property taxes by constitutional amendment.

**Intangible Property**

Intangible property taxes are local taxes levied by counties, cities, and townships. The law permits a tax of 3% or less on the income derived from intangible property. However, counties, cities, and townships have the option of reducing or eliminating the tax. The six Kansas counties in the metropolitan area have eliminated their shares of the tax, and most cities in those counties have eliminated all or part of the tax.

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## Missouri

### Enhanced Enterprise Zone Property Tax Benefits

The Enhanced Enterprise Zone is a discretionary program offering state tax credits to Enhanced Business Enterprises. Tax credits may be provided each year for up to five (5) tax years after the project commences operations. To receive benefits, the facility must create at least two new jobs and \$100,000 in new investment. Eligible investment expenditures include the original cost of machinery, equipment, furniture, fixtures, land and building, and/or eight (8) times the annual rental rate paid for the same.

### Inventory Exemption

Manufacturer's inventories including raw materials, goods in process and finished goods, as well as goods and wares of retailers, distributors, and wholesalers are exempt from all state and local property taxes.

### Urban Redevelopment Corporations

Missouri promotes urban redevelopment through a potential 25-year ad valorem tax incentive program known as Chapter 353. Any city (there is no size restriction) may establish an Urban Redevelopment Corporation to redevelop areas designated as blighted due to age, obsolescence, or physical deterioration. Under the program, up to 100% of improvements to real property may be exempt from state and local property taxes for up to 25 years.

### Industrial Revenue Bonds

Cities or counties are authorized, by a program known as Chapter 100, to issue industrial revenue bonds (revenue or general obligation) which may offer an opportunity to abate property taxes. It may be possible to exempt most of the real and personal property tax of buildings and machinery financed by a Chapter 100 bond if the city or county owns the property financed by the bonds. In this case, the company would lease the assets from the city for the term of the bonds. The amount of exemption depends on the structure of the lease, the residual value at the end of the lease, and the interpretation of the statutes by the county assessor of leasehold value. The Missouri Development Finance Board (MDFB) also has the ability to issue tax-exempt or taxable bonds. The MDFB cannot issue general obligation bonds, but it can exempt property taxes under the same method as Chapter 100.

### Brownfield Redevelopment

In addition to the Brownfield Redevelopment Program's income tax and financing benefits, the program allows for the abatement of local real property taxes. The term of the benefits (not to exceed 20 years) and the percent of abatement (up to 100% and based on improvements made to real property) are determined at the discretion of the local authorities.

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## Oklahoma

### **Ad Valorem Exemption**

Except as otherwise provided by subsection H of Section 3658 of this title, the exemption authorized by this section may be claimed a qualifying manufacturing concern as defined by Section 6B of Article X of the Oklahoma Constitution. As further defined herein, new, expanded or acquired manufacturing facilities (including facilities engaged in research and development) shall be exempt from the levy of any ad valorem taxes, for a period of five (5) years.

The provisions of Section 6B of Article X of the Oklahoma Constitution (requiring an existing facility to have been unoccupied for a period of twelve (12) months prior to acquisition) shall be construed as a qualification for a facility to initially receive an exemption, and shall not be deemed to be a qualification for that facility to continue to receive an exemption in each of the four (4) years following the initial year for which the exemption was granted. Such facilities are hereby classified for the purposes of taxation as provided in Section 22 of Article X of the Oklahoma Constitution.

New and expanding manufacturers, research and development companies, computer services and data processing companies with significant out-of-state sales, aircraft repair companies, oil refineries, and certain wind power generators may be eligible for ad valorem tax exemptions for up to five years. With the passing of SB498, Electric Wind Generation assets placed in service after 2016 will no longer be eligible for the program.

Firms must make an annual application to the County Assessor by March 15th of the year in which the exemption is requested. Upon approval of the application, the state will reimburse tax dollars to local taxing jurisdictions, which they would have otherwise received. As a result, although application for the exemption is made to the County Assessor, Oklahoma Tax Commission personnel are involved in the final review to determine the exemption. It is the responsibility of a company to apply for the exemption each year by March 15th.

### **Ad Valorem Exemption for Warehousing and Distribution Facilities**

Establishments primarily engaged in distribution as defined under Industry Numbers 49311, 49312, 49313 and 49319 and Industry Sector Number 42 of the NAICS Manual, latest revision, and which meet the following qualifications;

1. Construction with an initial capital investment of at least Five Million Dollars (\$5,000,000.00),
2. Employment of at least one hundred (100) full-time-equivalent employees, as certified by the Oklahoma Employment Security Commission,
3. Payment of wages or salaries to its employees at a wage which equals or exceeds one hundred seventy-five percent (175%) of the federally mandated minimum wage, as certified by the Oklahoma Employment Security Commission, and
4. Commencement of construction on or after November 1, 2007, with construction to be completed within three (3) years from the date of the commencement of construction.

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## **Exempt Inventory**

Oklahoma's "Freeport Exemption" refers to the Oklahoma Constitutional provision contained in Oklahoma Constitution Article 10, Section 6A relating to property moving through the state and exempt from taxation goods, wares and merchandise held for assembly, storage, manufacturing, processing or fabricating purposes if not for more than nine (9) months. This exemption must be filed with the county assessor by March 15th as other exemption applications.

All tangible personal property is reported to the County Assessor no later than March 15th of each year by filing Form 901 – Business Personal Property Rendition. A Form 901-F - Freeport Exemption Declaration must be filed with the rendition if any inventory is claimed as nontaxable pursuant to the Freeport exemption.

## **Intangible Property**

Intangible personal property shall not be subject to ad valorem tax or to any other tax in lieu of ad valorem tax within this State.

## **Aircraft Manufacturers Exemption License**

Manufacturers of aircraft may purchase an exemption license of \$250 in lieu of any ad valorem tax upon aircraft owned by the manufacturer. Each manufacturer of aircraft must pay a registration fee of \$250 on each aircraft in the process of manufacture.

## **Local Incentive**

Another method for companies to obtain ad valorem incentives or exemptions is for local taxing entities to designate Incentive Districts in the community and allow exemptions of some, or a portion of local taxes, by written agreement amongst all taxing units affected. The revenue is not reimbursed by the state using this method so the decision to allow the exemption is strictly a local one. The exemption is allowed on new investment only and is not available to predominantly "retail" establishments, which by statutory definition do not include hotels or motels. Exemptions are for five years unless the business is located in an Enterprise Zone - then, the exemption may be for up to six years. It may be extended for the sixth year only by agreement of all local taxing entities. Companies enrolled in the five-year manufacturers exemption described in Section C.1 (68 O.S. § 2902) are not eligible for the local incentive, nor are companies relocating from within the state.