

MINUTES OF THE SENATE ASSESSMENT & TAXATION COMMITTEE

The meeting was called to order by Vice Chairman Pat Apple at 10:30 a.m. on March 9, 2011, in Room 152-S of the Capitol.

All members were present except:

Chairman Les Donovan – excused
Senator Anthony Hensley – excused

Committee staff present:

Gordon Self, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Chris Courtwright, Kansas Legislative Research Department
Michael Wales, Kansas Legislative Research Department
Mary Jane Brueck, Committee Assistant

Conferees appearing before the Committee:

Greg Ferris, Kansas Health & Fitness Associations
Rodney Steven II, President, Genesis Health Clubs
Joe Gorene, Phase 1 Fitness, Pittsburg, KS
George McCrary, President, Kansas Health & Fitness Association
Jim Hattan, President and Chief Volunteer Officer of the Greater Wichita YMCA, speaking on behalf of YMCAs of Kansas

Others attending:

See attached list.

Vice-Chairman Apple called the meeting to order. He explained there is a Senate bill that was introduced March 2 in the Senate Committee on Ways and Means. This bill would extend the sales tax rate as it is now and take those dollars to buy down corporate tax and personal income tax. It has not had a hearing. He suggested the Assessment and Taxation Committee remove the contents of **SB 95 Five-year phase out of income tax on corporations.**, and replace them with the contents from the Ways and Means Committee's bill. Sen. Kelsey made that motion; Sen. Bruce seconded it. The motion carried. That new bill will be passed out of committee without recommendation, with the intention of having it referred back to this committee today or tomorrow.

Vice-Chairman Apple opened the hearing on **SB-87 – Property exempt from taxation; community service organizations providing humanitarian services.** Scott Wells, Office of the Revisor of Statutes, explained the bill. Vice-Chairman Apple asked that those speaking to this bill keep their comments to five minutes or less. The first proponent to speak was Greg Ferris, Kansas Health & Fitness Associations. He spoke on the bill to emphasize the points he believes are relevant. Most non-profits are not affected. Non-profit does not mean “no” profit; it requires that no individual can receive profit from the activity. Non-profit does not mean “charity”. That phrase is vaguely defined as “humanitarian service”, and there is no measure of the amount of charity to be provided. (Attachment 1) Rodney Steven II, President of Genesis Health Clubs of Wichita, Hutchison, Emporia, and Salina was next to speak in support of this bill. He spoke primarily of the YMCA's “tax exempt” status and the small amount of community service they provide, stating that their tax returns for the last 5 years show that the Y spends less than 11% of their revenues on charitable subsidy. (Attachment 2)

Joe Gorenc, owner of Phase 1 Fitness in Pittsburg, KS voiced his support of this bill. He stated that the YMCA is his biggest competition. He said it is fair to have competition. He asks that “since the YMCA acts like a business and competes against businesses, that they be taxed like businesses. (Attachment 3) George McCrary, President, Kansas Health and Fitness Association said his business supports **SB-87**. He stated “Not a single one of our member clubs wants to see true charities be burdened with property taxes. However, when an organization regularly sells the same services that are offered by businesses that must pay sales and property taxes, that organization is acting like a business. It should be treated as such.” (Attachment 4)

Jim Hattan, President and Chief Volunteer Officer of the Greater Wichita YMCA, spoke on behalf of the YMCAs of Kansas. He stated he was speaking on behalf of the ten Kansas YMCAs in opposition to the provisions of **SB-87** that would impose selective property taxation on YMCAs and other non-profit

CONTINUATION SHEET

The minutes of the Senate Assessment & Taxation Committee at 10:30 a.m. On March 9, 2011, in Room 152-S of the Capitol.

organizations in Kansas. He said those he represents "believe the selective repeal of property tax exemptions via the redefining of 'humanitarian services' would negatively impact Kansas YMCAs and the communities they serve." He said the Y's mission is not driven by the bottom line. They suggest increasing their costs by assessing property tax will lead to further loss of programs and services they provide, making any increase in state revenue more than offset by a loss of their programs in their communities. (Attachment 5) Discussion was held.

Seeing no others wishing to speak on **SB-87**, Vice-Chairman Apple closed the hearing. He announced the committee is not going to hear **SB 197 – Phase out of sales tax on food and food ingredients** at this time. There will be no meeting on Monday.

The next meeting will be next Tuesday, March 15, at 10:30 a.m. The committee will have a hearing on **Senate Substitute for Senate Bill 95 – concerning income taxation; relating to corporations; rate of taxation.**

The meeting was adjourned at 11:28 a.m.

SENATE

Assessment & Taxation Committee

GUEST LIST

DATE: 3-9-11

NAME	REPRESENTING
John Peterson	Ks Health + Fitness Assn
George McCrany	"
BE Gotenc	" "
Lindsey Hagen	KHFA
RODNEY STEVEN II	GENESIS HEALTH CLUBS
Greg Ferris	KHFA
Travis Lowe	Little Gov't Relations
Paje Routhier	Hein Law Firm
Colin Curtis	Sandstone Group
Brendan Yorkley	Budget
Whitney Jamon	YMCA of KS
Jim HATTAN	YMCA of Wichita
DENNIS SCHOFER-BEEK	YMCA Wichita
Kelly Navinsky - Wozel	Kearney & Assoc.
Mandy McOr	SP of KS
Michelle Butler	Cap. Strategies

**Testimony to the Senate Committee on Assessment and Taxation
In Support of SB87
Greg Ferris
Kansas Health and Fitness Association
March 9, 2011**

Members of the Committee; my name is Greg Ferris. I work with the Kansas Health and Fitness Association. As you have heard from our President; KHFA Supports SB87. I also will not repeat the information we have provided for you. I would, however, like to share a few points that we believe are relevant regarding this Bill. These are:

Most non-profits are not affected by SB87. Only those exempted under K.S.A 79-01 the *Ninth* paragraph are impacted. For example if a non-profit health club leases space from a school district their exemption falls under K.S.A 79-01 the *First* paragraph and the proposed amendment does not apply to that circumstance. If a non-profit receives its revenues from annual fund raisers, donations, or other means normally associated with non-profits, they also are not impacted by this Bill. Recreation Centers operated by municipalities are also not exempted under K.S.A 79-01 the *Ninth* paragraph; therefore they are not included.

Non-profit does not mean "no" profit. It simply requires that no individual may receive a profit from the activity. Organizations are allowed to pay "reasonable compensation" but as long as no one receives a share of profits and provide a beneficial service they can be a non-profit. Many of these non-profits pay hundreds of thousands of dollars to their directors as "reasonable compensation." An organization can have millions of dollars in profit and be exempt from all taxes under Kansas Statutes.

Non-profit does not mean "charity." K.S.A 79-01 the *Ninth* paragraph has no requirement that any charity functions actually take place. If you look at this section there is no requirement that the poor, disadvantaged, unemployed, etc are actually served. The language is extremely vague; such that any organization that operates as a non-profit can claim to be providing "humanitarian service" and be exempt from property tax. Our organization has done extensive research with attorneys and discovered that the majority of KHFA members would be better off turning their health clubs into non-profits. Hardly any of our member clubs make the \$300,000 per year as some YMCAs pay their directors. Our clubs could sell their buildings and equipment to any 501(c)3 organization, take a salary that is likely equal to their existing profit, and eliminate all sales and property taxes. Since they would actually greatly improve the bottom line of their organization with no taxes, they could justify a larger salary. This would cost the State, as well as local governments, millions of dollars annually in property taxes, sales taxes, as well as income taxes.

Did the Kansas Legislature when enacting the Ninth paragraph actually intend non-profits that provide little or no charity to be exempt? There is no measurement of the amount of charity provided shown by most non-profits that would be affected by SB87. Most organizations do not provide this information on any documentation. One charity that does provide that information has averaged giving less than eleven percent of its revenues to charitable assistance. One even touts in its tax return that seventeen percent of its expenses go toward charitable and financial assistance. This organization receives a one hundred

Sn. Assmnt & Tax
3-9-11

Attachment # 1

percent exemption while only spending seventeen percent of all its expenses towards charity. This cannot be what the enactors of this Statute intended.

I promised a "few points" so I will conclude. However, there are a multitude of similar facts that could be made that would demonstrate the need for passage of SB87. I guess the simplest way to end this is with the old saying "if it looks like a duck and quacks like a duck, it is a duck." It can also be said, if it sells memberships regularly to fund its operations as a health club, does little or reports little charitable giving as part of its operations of its health club, and directly competes with other health club businesses it IS a health club business. Charities should be exempt, businesses should not. Thank you and I would be happy to answer any questions.

Prepared For The

Kansas Senate Assessment and Taxation Committee

By The



RE: SB87

SB87 SHOULD BE SUPPORTED BY THE KANSAS SENATE ASSESSMENT AND TAXATION COMMITTEE

SB87 amends the paragraph *Ninth* of K.S.A. 79-201. This Bill would require organizations that currently claim property tax exemptions to pay property taxes if they receive more than forty percent of their revenues from the sales of memberships and/or programs services that would be subject to sales tax if sold by businesses that pay property taxes. **If an organization relies on donations, routine fundraisers, or normally expected revenues of a non-profit they would NOT be subject to taxation under this amendment.**

When an organization's primary source of revenue, at least forty percent, is the sale of services that are the same services that a tax paying business sells this organization directly competes with these businesses. The State of Kansas tries to promote tax equality in its legislation. When an organization relies on selling services as its primary means of revenue it is more like a business than a charity. These non-profit businesses should not be afforded a competitive advantage over businesses that fund state and local services.

Tax exemptions are put in place for non-profits to provide services to communities in place of the government providing these services. However, if these services directly compete with tax paying businesses there is no benefit to the communities in which they reside.

Organizations such as The American Red Cross, The Cancer Society, and Big Brothers Big Sisters provide services that no businesses are able to provide. However this is not the case when forty percent of an organization's revenues are from membership sales and/or program services. These are no longer benefits provided, but sales made and would likely be provided by tax-paying businesses if these organizations did not exist.

Had SB87 been enacted in 2009 it would have generated at least \$4.1 million in taxes for the State and local governments. The Bill will have the added benefit of protecting millions of dollars in existing taxes paid by companies that compete with non-profits providing the same services. The current law costs the State millions of dollars and will continue to shrink the tax base. This shifts the tax burden and the cost of government to Kansans who may receive no benefits from the organizations that are tax exempt.

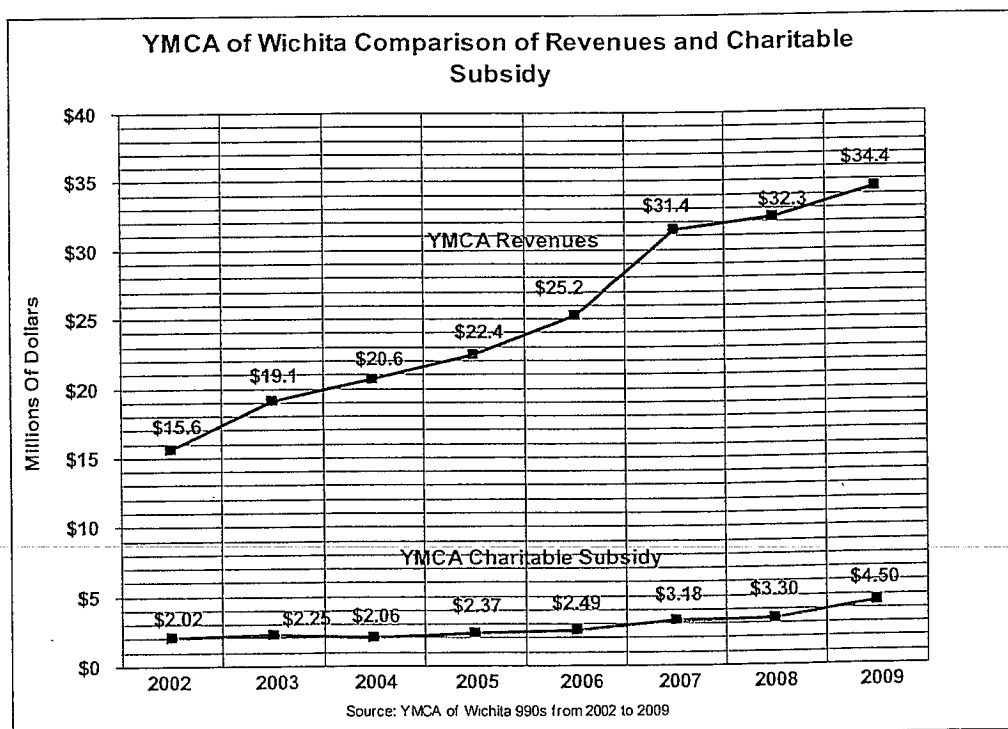
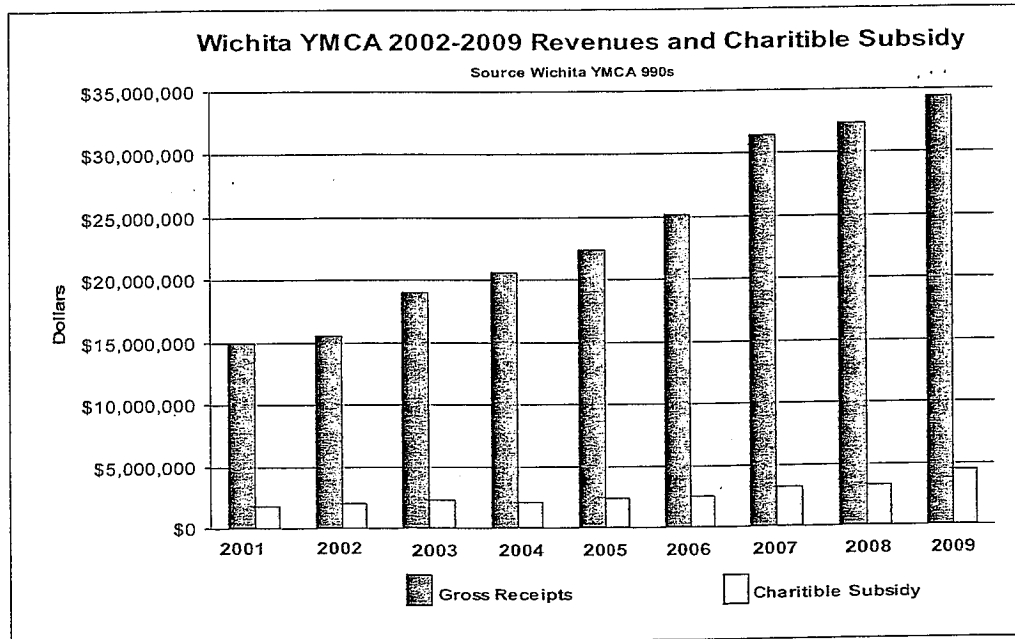
As previously stated, not all organizations would be affected by SB87. Those organizations who actually receive a significant part of their revenues from donations will not be required to pay taxes. For example based on the latest numbers available the YMCAs in Atchison, Garden City, Junction City and McPherson would maintain their tax exempt status. They operate as charities that do not rely on selling services as their primary revenue source. Other organizations would need to adjust their business model or lose their tax exempt status under the provisions contained in SB87.

DOES THE YMCA "EARN ITS EXEMPTION EVERY DAY" AS THEY CLAIM?

The YMCA's primary claim is that they make their facilities available to anyone regardless of their ability to pay. **While in theory this appears to make them a benevolent organization in practice they spend very little of their resources in this capacity.** A good example is the Wichita YMCA. During the period from 1999 to 2009 revenues of the Wichita YMCA have nearly TRIPLED. Revenues from the sale of fitness memberships have gone from just

over \$5 million to an estimated \$22 million. However, during that same period, with total revenues increasing over \$23 million their support of low income subsidies increased a mere \$2.6. This equals less than 10% of its increased new revenue. During that same time period the Net Revenues less Expenses increased from \$3.4 million to over \$8.7 million.

The following charts demonstrate the dramatic increase in Total Revenues while showing a very small increase in their Charitable Subsidies.

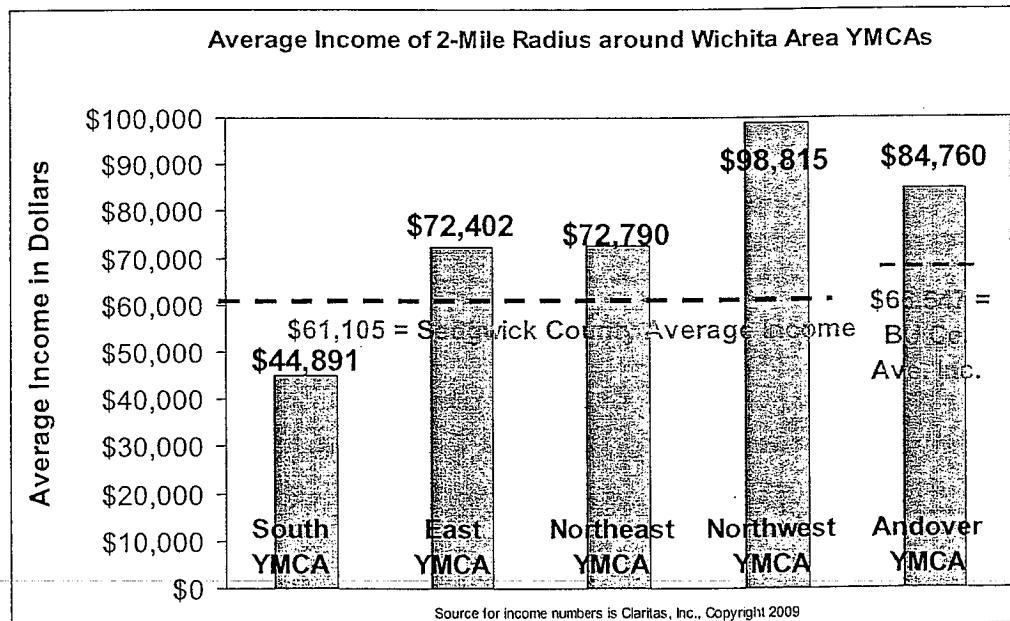


After reviewing the Wichita YMCA's own data one must ask whether they are a benevolent non-profit or just another business that also gives some of its profits to a charitable cause. It appears the latter is true.

THE WICHITA YMCA NO LONGER TARGETS LOW AND MODERATE INCOME AREAS TO CONSTRUCT ITS NEW CLUBS.

Why is there this huge disparity between YMCA revenues and Charitable Subsidy? It is because several years ago the Wichita YMCA had clubs in downtown Wichita, a low income area of Northeast Wichita, and an area in West Wichita that was surrounded by low income housing. The Wichita YMCA targeted underserved areas of Wichita and co-existed with for profit health clubs. **However, approximately twelve years ago that philosophy changed. The Northeast YMCA, which was located in a low income area, was closed and a new YMCA was opened in much more affluent East Wichita.** This trend continues.

Only one new YMCA is in an area of Wichita that has an average income less than the County average. The three latest clubs all have average incomes that significantly exceed their County's average. **One of these YMCAs, in Northwest Wichita, serves an area whose average income is an incredible 62% above the Sedgwick County average income.** These YMCAs are constructed in areas in which tax paying clubs would locate if they did not have to compete with the tax free YMCAs. Not only are the State and local governments losing the property taxes from the YMCA, they are losing the sales and income taxes of those potential clubs.



The Wichita YMCA has an average of over \$9 million in revenues less expenses per year over the last five years. Therefore, the YMCA has the resources to increase its subsidy if members need assistance. Nearly forty percent of Wichita YMCA members are corporate members. This means these members are working adults who do not utilize or need charitable subsidy.

The Wichita YMCA spent \$386,785 in 2009 advertising its services. Their ads appear on television, in the newspaper, and other media outlets. They advertise the sales of membership services. These ads are exactly what a taxpaying business would use to generate new revenues; an attempt to sell a service.

This trend of the **Wichita YMCA movement into middle and upper income areas has also contributed to the closure of approximately forty tax paying health clubs in Wichita.** As these new YMCAs move into an area they take members from the existing clubs. Those clubs must pay sales taxes, property taxes, and income taxes where the YMCA pays none of these. Because of this competitive advantage the YMCA can offer memberships at a lower price. The result is a loss of members to tax paying clubs and a loss of tax revenue to the State.

Even in areas where tax paying clubs do not close, the loss of members to the YMCA results in a reduction of sales tax and income tax collected by clubs. The YMCA uses its competitive advantage to aggressively offer corporate discounts to middle income earners. **The result of this is the erosion of tax revenues to the State.**

YMCAs UTILIZE COMMUNITY RESOURCES THAT MUST BE SUBSIDIZED BY TAXPAYERS

Kansas taxpayers are SUBSIDIZING THE YMCA's EXEMPTION EVERY DAY! The YMCAs have facilities that require government services. They have customers in the form of members that use City and County roads to drive to their facilities. They rely on police, fire and EMS to come to their facilities. According to information provided by The Sedgwick County Emergency Communications Department from 2005 to 2007 the YMCA in Wichita averages someone from police, fire or EMA at their locations once or twice EVERY DAY.

While using these services every day, the YMCAs do not pay toward these costs. The taxpayers of communities that have a YMCA must subsidize the YMCA's use of these services. No other "charity" consumes community resources this much. The most unfair part of these costs is that tax paying health clubs that directly compete against the YMCA must subsidize these costs.

PARAGRAPH *Ninth* OF K.S.A. 79-201 ALLOWS 100% TAX EXEMPTIONS REGARDLESS OF THE AMOUNT AN ORGANIZATION PROVIDES IN CHARITY

A truly disturbing part of this Section of the Kansas Statutes is that there is no requirement for an organization to provide any charity. If an organization is a non-profit, no individual makes a profit from the organization, and they provide a service for something that is listed as a community need, they pay no property tax. Based on this criteria the great majority of health clubs in the State of Kansas could reorganize as a 501(c)3 corporation, pay the owner a salary instead of a profit and pay no property tax. Since these health club owners' profits are much less than the \$300,000 salary paid to the Wichita YMCA director, these clubs could easily qualify. This would cost the State and local governments tens of millions of dollars annually in lost property, sales, and income taxes.

**CONCLUSION: SB87 PROTECTS NON-PROFIT TRUE CHARITIES,
CREATES TAX EQUITY, AND PROVIDES REVENUE TO THE STATE
AND LOCAL GOVERNMENTS**

SB87 maintains the exemptions in current statutes for organizations that are truly providing services that government would have to replace. It would have little impact on the majority of state organizations. However, when an organization operates like a business, uses resources like a business, and advertises and sells services like a business; they should pay taxes like a business. The Kansas Health and Fitness Association requests the Senate Assessment and Taxation Committee to pass SB87.

Form **990**

Department of the Treasury
Internal Revenue Service

EXTENSION GRANTED

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

OMB No. 1545-0047

200

Open to Public Inspection

A For the 2009 calendar year, or tax year beginning , 2009, and ending , 20

B Check if applicable: <input checked="" type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	Please use IRS label or print or type. See Specific Instructions.	C Name of organization THE YOUNG MEN'S CHRISTIAN ASSOCIATION Doing Business As GREATER WICHITA YMCA Number and street (or P.O. box if mail is not delivered to street address) 340 S BROADWAY #200 Room/suite City or town, state or country, and ZIP + 4 WICHITA, KS 67202 F Name and address of principal officer: JIM HATTAN 340 S BROADWAY #200 WICHITA, KS 67202	D Employer identification number 48-0554440 E Telephone number (316) 219-9622 G Gross receipts \$ 38,666,068. H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) H(c) Group exemption number ▶
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c) (3) ◀ (insert no.) 4947(a)(1) or 527		J Website: WWW.YMCAWICHITA.ORG	
K Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		L Year of formation: 1886 M State of legal domicile: KS	

Part I Summary

1	Briefly describe the organization's mission or most significant activities: TO PUT CHRISTIAN PRINCIPLES INTO PRACTICE THROUGH PROGRAMS THAT PROMOTE HEALTHY LIFESTYLES, STRONG FAMILIES, AND POSITIVE YOUTH DEVELOPMENT TO BUILD HEALTHY SPIRIT, MIND AND BODY FOR ALL.		
2	Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	3	36
3	Number of voting members of the governing body (Part VI, line 1a)	4	35
4	Number of independent voting members of the governing body (Part VI, line 1b)	5	2,051
5	Total number of employees (Part V, line 2a)	6	4,483
6	Total number of volunteers (estimate if necessary)	7a	
7a	Total gross unrelated business revenue from Part VIII, column (C), line 12	7b	10,122.
b	Net unrelated business taxable income from Form 990-T, line 34		
8	Contributions and grants (Part VIII, line 1h)	Prior Year	Current Year
9	Program service revenue (Part VIII, line 2g)	4,725,457.	4,936,181.
10	Investment income (Part VIII, column (A), lines 3, 4, and 7d)	27,278,456.	29,087,925.
11	Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	205,160.	42,550.
12	Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	277,603.	369,250.
13	Grants and similar amounts paid (Part IX, column (A), lines 1-3)	32,486,676.	34,435,906.
14	Benefits paid to or for members (Part IX, column (A), line 4)	4,500.	2,500.
15	Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	0.	0.
16a	Professional fundraising fees (Part IX, column (A), line 11e)	12,188,404.	13,661,138.
b	Total fundraising expenses, Part IX, column (D), line 25 ▶ 106,859.	0.	0.
17	Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	10,582,711.	12,060,501.
18	Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	22,775,615.	25,724,139.
19	Revenue less expenses. Subtract line 18 from line 12	9,711,061.	8,711,767.
20	Total assets (Part X, line 16)	Beginning of Year	End of Year
21	Total liabilities (Part X, line 26)	113,816,944.	121,801,912.
22	Net assets or fund balances. Subtract line 21 from line 20	23,950,380.	20,924,482.
		89,866,564.	100,877,430.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here	Signature of officer _____ Date _____ Type or print name and title _____		
Paid Preparer's Use Only	Preparer's signature _____ Date _____ Firm's name (or yours if self-employed), address, and ZIP + 4 BKD, LLP 1551 N WATERFRONT PKWY, STE 300 WICHITA, KS 67206-6601	Check if self-employed <input type="checkbox"/> Preparer's identifying number (see instructions) EIN 316-265-2811	Phone no. 316-265-2811

May the IRS discuss this return with the preparer shown above? (see instructions) ☒ Yes ☐ No

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions. *

Form 990 (2009)

EXTENSION GRANTED
Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

▶ The organization may have to use a copy of this return to satisfy state reporting requirements.

A For the 2008 calendar year, or tax year beginning		, 2008, and ending		, 20	
B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization THE YOUNG MEN'S CHRISTIAN ASSOCIATION Doing Business As GREATER WICHITA YMCA Number and street (or P.O. box if mail is not delivered to street address) Room/suite 3330 N WOODLAWN City or town, state or country, and ZIP + 4 WICHITA, KS 67220-2202	D Employer identification number 48-0554440			
		E Telephone number (316) 219-9622			
		G Gross receipts \$ 37,023,908.			
		H(a) Is this a group return for affiliates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No H(b) Are all affiliates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions)			
		F Name and address of principal officer: THOMAS LASATER 3330 N WOODLAWN WICHITA, KS 67220-2202			
I Tax-exempt status: <input checked="" type="checkbox"/> 501(c) (3) (Insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527					
J Website: ▶ WWW.YMCAWICHITA.ORG					
K Type of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶					
L Year of formation: 1886				M State of legal domicile: KS	

Part I Summary

Activities & Governance	1 Briefly describe the organization's mission or most significant activities: <u>TO PUT CHRISTIAN PRINCIPLES INTO PRACTICE THROUGH PROGRAMS THAT PROMOTE HEALTHY LIFESTYLES, STRONG FAMILIES, AND POSITIVE YOUTH DEVELOPMENT TO BUILD HEALTHY SPIRIT, MIND AND BODY FOR ALL.</u>			
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its assets.			
	3 Number of voting members of the governing body (Part VI, line 1a)	3	33	
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	32	
	5 Total number of employees (Part V, line 2a)	5	1,938	
	6 Total number of volunteers (estimate if necessary)	6	4,121	
	7a Total gross unrelated business revenue from Part VIII, line 12, column (C)			
b Net unrelated business taxable income from Form 990-T, line 34				
Revenue	8 Contribution and grants (Part VIII, line 1h)	Prior Year	Current Year	
	9 Program service revenue (Part VIII, line 2g)	6,346,830.	4,725,457.	
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	24,292,824.	27,278,456.	
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	440,547.	205,160.	
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	31,999,343.	32,486,676.	
	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	2,000.	4,500.	
	14 Benefits paid to or for members (Part IX, column (A), line 4)	NONE	NONE	
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	10,666,933.	12,188,404.	
	16a Professional fundraising fees (Part IX, column (A), line 11e)	NONE	NONE	
	b Total fundraising expenses, Part IX, column (D), line 25 ▶ 89,799.			
Expenses	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24f)	8,842,453.	10,582,711.	
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	19,511,386.	22,775,615.	
	19 Revenue less expenses. Subtract line 18 from line 12	11,887,957.	9,711,061.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Year	End of Year	
	21 Total liabilities (Part X, line 26)	114,440,482.	113,816,944.	
	22 Net assets or fund balances. Subtract line 21 from line 20	31,115,934.	23,950,380.	
			83,324,548.	89,866,564.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.			
Sign Here	▶ Signature of officer		Date
	▶ Type or print name and title		
Paid Preparer's Use Only	Preparer's signature ▶	Date	Check if self-employed <input type="checkbox"/>
	Preparer's identifying number (see instructions) P00770702		EIN ▶ 44-0160260
	Firm's name (or yours if self-employed), address, and ZIP + 4 ▶ BKD, LLP 1551 N WATERFRONT PKWY, STE 300 WICHITA, KS 67206-6601		Phone no. ▶ 316-265-2811

May the IRS discuss this return with the preparer shown above? (See instructions) ☒ Yes ☐ No

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2008)

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements.

2007

Open to Public
InspectionDepartment of the Treasury
Internal Revenue Service

A For the 2007 calendar year, or tax year beginning , 2007, and ending

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Termination <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WICHITA KANSAS	D Employer identification number 48-0554440
	Number and street (or P.O. box if mail is not delivered to street address) 3330 N WOODLAWN	Room/suite (316) 219-9622
	City or town, state or country, and ZIP + 4 WICHITA, KS 67220-2202	
	F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)	

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

H and I are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) If "Yes," enter number of affiliates

H(c) Are all affiliates included? ☐ Yes ☐ No
(If "No," attach a list. See instructions.)H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No

I Group Exemption Number

M Check ☐ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

G Website: WWW.YMCAWICHITA.ORG

J Organization type (check only one) ☒ 501(c)(3) (insert no.) 4947(a)(1) or 527K Check here ☐ if the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 33,550,638.

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Revenue	1	Contributions, gifts, grants, and similar amounts received:			
	a	Contributions to donor advised funds		1a	
	b	Direct public support (not included on line 1a)		1b	4,239,417.
	c	Indirect public support (not included on line 1a)		1c	311,617.
	d	Government contributions (grants) (not included on line 1a)		1d	1,795,796.
	e	Total (add lines 1a through 1d) (cash \$ 3,916,830. noncash \$ 2,430,000.)		1e	6,346,830.
	2	Program service revenue including government fees and contracts (from Part VII, line 93)		2	24,292,824.
	3	Membership dues and assessments		3	
	4	Interest on savings and temporary cash investments		4	157,428.
	5	Dividends and interest from securities		5	93,151.
	6a	Gross rents		6a	
	b	Less: rental expenses		6b	
c	Net rental income or (loss). Subtract line 6b from line 6a		6c		
7	Other investment income (describe)		7		
Expenses	8a	Gross amount from sales of assets other than inventory		(A) Securities	(B) Other
				2,169,592.	1,070.
	b	Less: cost or other basis and sales expenses		8b	406.
	c	Gain or (loss) (attach schedule)		8c	664.
	d	Net gain or (loss). Combine line 8c, columns (A) and (B)		8d	189,968.
	9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>			
	a	Gross revenue (not including \$ of contributions reported on line 1b)		9a	279,641.
	b	Less: direct expenses other than fundraising expenses		9b	90,446.
	c	Net income or (loss) from special events. Subtract line 9b from line 9a		9c	189,195.
	10a	Gross sales of inventory, less returns and allowances		10a	186,002.
b	Less: cost of goods sold		10b	80,155.	
c	Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a		10c	105,847.	
11	Other revenue (from Part VII, line 103)		11	24,100.	
12	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11		12	31,399,343.	
Net Assets	13	Program services (from line 44, column (B))		13	17,643,739.
	14	Management and general (from line 44, column (C))		14	1,555,476.
	15	Fundraising (from line 44, column (D))		15	83,847.
	16	Payments to affiliates (attach schedule)		16	228,324.
	17	Total expenses. Add lines 16 and 44, column (A)		17	19,511,386.
18	Excess or (deficit) for the year. Subtract line 17 from line 12		18	11,887,957.	
19	Net assets or fund balances at beginning of year (from line 73, column (A))		19	70,847,002.	
20	Other changes in net assets or fund balances (attach explanation)		20	589,569.	
21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20		21	83,324,548.	

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2007)

EXTENSION GRANT

OMB No. 1545-0047

2006

Open to Public Inspection

Form **990**

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

The organization may have to use a copy of this return to satisfy state reporting requirements.

Department of the Treasury
Internal Revenue Service

A For the 2006 calendar year, or tax year beginning 2006, and ending

B Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	C Name of organization THE YOUNG MEN'S CHRISTIAN ASSOCIATION OF WICHITA KANSAS Number and street (or P.O. box if mail is not delivered to street address) Room/suite 3330 N WOODLAWN City or town, state or country, and ZIP + 4 WICHITA, KS 67220-2202	D Employer identification number 48-0554440
	E Telephone number (316) 219-9622	F Accounting method: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other (specify)
	G Website: WWW.YMCAWICHITA.ORG	
	J Organization type (check only one) <input checked="" type="checkbox"/> 501(c)(3) (Insert no.) 4947(a)(1) or 527	

Section 501(c)(3) organizations and 4947(a)(1) nonexempt charitable trusts must attach a completed Schedule A (Form 990 or 990-EZ).

K Check here ☐ If the organization is not a 509(a)(3) supporting organization and its gross receipts are normally not more than \$25,000. A return is not required, but if the organization chooses to file a return, be sure to file a complete return.

H and **I** are not applicable to section 527 organizations.

H(a) Is this a group return for affiliates? ☐ Yes ☒ No

H(b) If "Yes," enter number of affiliates ☐

H(c) Are all affiliates included? (If "No," attach a list. See instructions.) ☐ Yes ☒ No

H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No

I Group Exemption Number ☐

M Check ☐ If the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF).

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 **28,866,396.**

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

Revenue	1	Contributions, gifts, grants, and similar amounts received:			
	a	Contributions to donor advised funds	1a	1,375,961.	
	b	Direct public support (not included on line 1a)	1b		
	c	Indirect public support (not included on line 1a)	1c	311,517.	
	d	Government contributions (grants) (not included on line 1a)	1d	1,923,728.	
	e	Total (add lines 1a through 1d) (cash \$ 3,611,306. noncash \$)	1e	3,611,306.	
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2	4,137,558.	
	3	Membership dues and assessments	3	16,625,333.	
	4	Interest on savings and temporary cash investments	4	76,330.	
	5	Dividends and interest from securities	5	351,191.	
Revenue	6a	Gross rents	6a		
	b	Less: rental expenses	6b		
	c	Net rental income or (loss). Subtract line 6b from line 6a	6c		
	7	Other investment income (describe)	7		
	8a	Gross amount from sales of assets other than inventory	(A) Securities 3,694,130. 8a 23,900.		
	b	Less: cost or other basis and sales expenses	3,512,078. 8b 41,425.		
	c	Gain or (loss) (attach schedule)	182,052. 8c -17,525.		
	d	Net gain or (loss). Combine line 8c, columns (A) and (B)	8d	164,527.	
	9	Special events and activities (attach schedule). If any amount is from gaming, check here <input type="checkbox"/>			
	a	Gross revenue (not including \$ of contributions reported on line 1b)	9a	202,511.	
b	Less: direct expenses other than fundraising expenses	9b	70,528.		
c	Net income or (loss) from special events. Subtract line 9b from line 9a	9c	131,983.		
Revenue	10a	Gross sales of inventory, less returns and allowances	10a	144,137.	
	b	Less: cost of goods sold	10b	68,038.	
	c	Gross profit or (loss) from sales of inventory (attach schedule). Subtract line 10b from line 10a	10c	76,099.	
	11	Other revenue (from Part VII, line 103)	11		
	12	Total revenue. Add lines 1e, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11	12	25,174,327.	
	Expenses	13	Program services (from line 44, column (B))	13	15,778,644.
		14	Management and general (from line 44, column (C))	14	1,223,429.
		15	Fundraising (from line 44, column (D))	15	78,162.
		16	Payments to affiliates (attach schedule)	16	180,995.
		17	Total expenses. Add lines 13 and 14, column (A)	17	17,261,230.
Net Assets	18	Excess or (deficit) for the year. Subtract line 17 from line 12	18	7,913,097.	
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19	61,693,717.	
	20	Other changes in net assets or fund balances (attach explanation)	20	1,240,188.	
	21	Net assets or fund balances at end of year. Combine lines 18, 19, and 20	21	70,847,002.	

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions.

Form 990 (2006)

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EXTENSION GRANTED

Form **990****Return of Organization Exempt From Income Tax**

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

OMB No 1545-0047

2005**Open to Public Inspection**Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2005 calendar year, or tax year beginning , 2005, and ending , 20

B Check if applicable:
☐ Address change
☐ Name change
☐ Initial return
☐ Final return
☐ Amended return
☐ Application pending

C Name of organization
The Young Men's Christian Association of Wichita Kansas
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
3330 N Woodlawn
 City or town, state or country, and ZIP + 4
Wichita, KS 67220-2202

D Employer identification number
48-0554440

E Telephone number
(316) 219-9622

F Accounting method: ☐ Cash ☒ Accrual
☐ Other (specify) ▶

G Website: ▶ **www.wichitaymca.org**

H and **I** are not applicable to section 527 organizations.
H(a) Is this a group return for affiliates? ☐ Yes ☒ No
H(b) If "Yes," enter number of affiliates ▶
H(c) Are all affiliates included? ☐ Yes ☐ No
 (If "No," attach a list. See instructions.)
H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No
I Group Exemption Number ▶

J Organization type (check only one) ▶ ☒ 501(c) (3) ◀ (insert no.) ☐ 4947(a)(1) or ☐ 527

K Check here ▶ ☐ if the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS, but if the organization chooses to file a return, be sure to file a complete return. Some states require a complete return.

L Gross receipts: Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **24,208,950**

M Check ▶ ☐ if the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF)

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See the instructions.)

1	Contributions, gifts, grants, and similar amounts received				
a	Direct public support	1a	1,102,547		
b	Indirect public support	1b	306,525		
c	Government contributions (grants)	1c	1,843,824		
d	Total (add lines 1a through 1c) (cash \$ 3,252,896 noncash \$)			1d	3,252,896
2	Program service revenue including government fees and contracts (from Part VII, line 93)			2	3,770,558
3	Membership dues and assessments			3	14,324,656
4	Interest on savings and temporary cash investments			4	41,712
5	Dividends and interest from securities			5	415,760
6a	Gross rents	6a			
b	Less: rental expenses	6b			
c	Net rental income or (loss) (subtract line 6b from line 6a)			6c	
7	Other investment income (describe ▶)			7	
8a	Gross amount from sales of assets other than inventory	(A) Securities		(B) Other	
		1,964,374	8a	2,693	
b	Less: cost or other basis and sales expenses	1,697,200	8b	0	
c	Gain or (loss) (attach schedule)	267,174	8c	2,693	
d	Net gain or (loss) (combine line 8c, columns (A) and (B))			8d	269,867
9	Special events and activities (attach schedule) If any amount is from gaming, check here ▶ <input type="checkbox"/>				
a	Gross revenue (not including \$ 0 of contributions reported on line 1a)	9a	193,083		
b	Less: direct expenses other than fundraising expenses	9b	73,804		
c	Net income or (loss) from special events (subtract line 9b from line 9a) stmt. #1b			9c	119,279
10a	Gross sales of inventory, less returns and allowances	10a	150,739		
b	Less: cost of goods sold	10b	69,474		
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a) #2			10c	81,265
11	Other revenue (from Part VII, line 103)			11	92,479
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)			12	22,368,472
13	Program services (from line 44, column (B))			13	13,281,805
14	Management and general (from line 44, column (C))			14	1,154,119
15	Fundraising (from line 44, column (D))			15	73,516
16	Payments to affiliates (attach schedule)			16	169,802
17	Total expenses (add lines 13 and 14, column (B))			17	14,679,242
18	Excess or (deficit) for the year (subtract line 17 from line 12)			18	7,689,230
19	Net assets or fund balances at beginning of year (from line 73, column (A))			19	53,975,062
20	Other changes in net assets or fund balances (attach explanation) stmt. #4			20	29,425
21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)			21	61,693,717

For Privacy Act and Paperwork Reduction Act Notice, see the separate instructions. Cat No 11282Y

Form 990 (2005)

SCANNED DEC 20 2006

1-13

EXTENSION GRANTED

Form **990**

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except black lung benefit trust or private foundation)

OMB No. 1545-0047

2004

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

▶ The organization may have to use a copy of this return to satisfy state reporting requirements

A For the 2004 calendar year, or tax year beginning , 2004, and ending , 20

B Check if applicable:
☐ Address change
☐ Name change
☐ Initial return
☐ Final return
☐ Amended return
☐ Application pending

C Name of organization
The Young Men's Christian Association of Wichita Kansas
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
3330 N Woodlawn
 City or town, state or country, and ZIP + 4
Wichita, KS 67220-2202

D Employer identification number
48 : 0554440

E Telephone number
(316) 219-9622

F Accounting method: ☐ Cash ☒ Accrual
☐ Other (specify) ▶

G Website: ▶ **www.ymcawichita.org**

H and **I** are not applicable to section 527 organizations.
H(a) Is this a group return for affiliates? ☐ Yes ☒ No
H(b) If "Yes," enter number of affiliates ▶
H(c) Are all affiliates included? ☐ Yes ☒ No
 (If "No," attach a list. See instructions.)
H(d) Is this a separate return filed by an organization covered by a group ruling? ☐ Yes ☒ No
I Group Exemption Number ▶

J Organization type (check only one) ▶ ☒ 501(c) (3) ◀ (Insert no) ☐ 4947(a)(1) or ☐ 527

K Check here ▶ ☐ If the organization's gross receipts are normally not more than \$25,000. The organization need not file a return with the IRS; but if the organization received a Form 990 Package in the mail, it should file a return without financial data. Some states require a complete return.

L Gross receipts. Add lines 6b, 8b, 9b, and 10b to line 12 ▶ **20,694,520**

M Check ▶ ☐ If the organization is not required to attach Sch. B (Form 990, 990-EZ, or 990-PF)

Part I Revenue, Expenses, and Changes in Net Assets or Fund Balances (See page 18 of the instructions.)

Revenue	1	Contributions, gifts, grants, and similar amounts received:				
	a	Direct public support	1a	1,145,034		
	b	Indirect public support	1b	291,936		
	c	Government contributions (grants)	1c	1,584,534		
	d	Total (add lines 1a through 1c) (cash \$ 2,891,439 noncash \$)	1d		3,021,504	
	2	Program service revenue including government fees and contracts (from Part VII, line 93)	2		3,589,360	
	3	Membership dues and assessments	3		13,199,179	
	4	Interest on savings and temporary cash investments	4		23,123	
	5	Dividends and interest from securities	5		177,576	
	6a	Gross rents	6a			
b	Less: rental expenses	6b				
c	Net rental income or (loss) (subtract line 6b from line 6a)	6c				
7	Other investment income (describe ▶)	7				
Revenue	8a	Gross amount from sales of assets other than inventory	(A) Securities	3,333,656	8a	
	b	Less: cost or other basis and sales expenses	2,747,479	8b		
	c	Gain or (loss) (attach schedule)	586,177	8c		
	d	Net gain or (loss) (combine line 8c, columns (A) and (B)) stmt. #1	8d		586,177	
	9	Special events and activities (attach schedule) If any amount is from gaming, check here ▶ <input type="checkbox"/>				
	a	Gross revenue (not including \$ of contributions reported on line 1a)	9a			
	b	Less: direct expenses other than fundraising expenses	9b			
	c	Net income or (loss) from special events (subtract line 9b from line 9a)	9c			
	10a	Gross sales of inventory, less returns and allowances	10a	85,181		
	b	Less: cost of goods sold	10b	59,646		
c	Gross profit or (loss) from sales of inventory (attach schedule) (subtract line 10b from line 10a) #2	10c		25,535		
11	Other revenue (from Part VII, line 103)	11		12,500		
12	Total revenue (add lines 1d, 2, 3, 4, 5, 6c, 7, 8d, 9c, 10c, and 11)	12		20,634,974		
Expenses	13	Program services (from line 44, column (B))	13		12,786,087	
	14	Management and general (from line 44, column (C))	14		1,050,198	
	15	Fundraising (from line 44, column (D))	15		70,212	
	16	Payments to affiliates (attach schedule)	16		156,021	
	17	Total expenses (add lines 13 and 14, column (A)) stmt. #3	17		14,062,518	
Net Assets	18	Excess or (deficit) for the year (subtract line 17 from line 12)	18		6,572,456	
	19	Net assets or fund balances at beginning of year (from line 73, column (A))	19		47,459,095	
	20	Other changes in net assets or fund balances (attach explanation) stmt. #4	20		(56,489)	
	21	Net assets or fund balances at end of year (combine lines 18, 19, and 20)	21		53,975,062	

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SCANNED DEC 5 2005

**Testimony to the Senate Committee on Assessment and Taxation
In Support of SB87
Rodney Steven II, President
Genesis Health Clubs
March 9, 2011**

Mr. Chairman, members of the Committee; my name is Rodney Steven II. I am President of Genesis Health Clubs of Wichita, Hutchinson, Emporia and Salina. I am here today to speak in SUPPORT of SB87. Thank you to the Committee for having a hearing on this bill that will remedy a severe inequity in the Tax Statutes of the State of Kansas.

First let me say what this Bill does NOT do. Organizations that rely on donations, routine fundraisers, or normally expected revenues of a non-profit would NOT be subject to taxation under this amendment. This bill only affects organizations that rely on the regular sales of memberships and program services for at least forty percent of their revenue. Organizations that receive this much revenue from these types of sales are really businesses that compete against tax paying businesses.

YMCAs are the direct competition to my clubs in three of the cities where my clubs are located. Genesis pays or collects approximately \$2.5 million in sales and property taxes that the YMCA does not pay or collect. I don't believe the Legislature ever intended to exempt organizations that sell services in direct competition against taxpaying businesses. Especially when these organizations regularly use services like police, fire and EMS. What this means is not only do I pay and the Y does not; but I also must subsidize my main competition through my taxes for services they get for free. Every time they build a new YMCA, they take property off the tax rolls. For example the newest Y proposed in Wichita will take \$1.4 million worth of property off of the tax rolls. Who must make up this difference – we do!

The YMCAs in Wichita, which is the YMCAs I am most familiar with, have averaged \$9 million per year in net income in the last five years. They receive over 60% of their revenues from selling membership dues. They spend hundreds of thousands of dollars annually advertising to get new members. The last tax return they filed showed they had revenues of \$34.4 million. They can afford to contribute for the services they use. There is no way this YMCA would be impacted on their ability to deliver charitable services if they had to pay property taxes.

This is because even with that much profit, the Wichita YMCA provides little to the community in the form of charitable assistance. During that same five year period, according the Wichita YMCA tax returns, the Y spends less than eleven percent of their revenues on charitable subsidy. I can't imagine the Legislature intended statutes to allow a one-hundred percent exemption from ALL taxes for this Y when it only gives eleven percent back to the community. According to the Wichita YMCA February 2010 membership report just over fourteen percent of memberships receive financial assistance. That amount compares to over forty percent of the YMCA memberships that are corporate memberships.

Sn. Assmnt & Tax
3-9-11

Attachment # 2

It isn't hard to understand why the Wichita YMCA has such a small amount of charitable assistance. The YMCA in the past provided services in parts of communities that were underserved. This is no longer the case. The majority of new YMCAs are being constructed in upscale communities to directly compete against existing and potential tax paying health clubs. This is witnessed by the fact that over thirty five tax paying health clubs have gone out of business in Wichita since the Wichita Y began its aggressive growth in the suburbs ten years ago. Therefore, not only are these Ys not paying taxes, those clubs that have closed are also not paying taxes. Why? Because the Y reduces the cost of memberships by twenty to twenty five percent, since their expenses don't include taxes. As you can imagine it can be difficult to compete.

At a time State and Local revenues are shrinking; allowing a non-profit to compete directly with tax paying businesses, thus shrinking the tax base, is not prudent. This Bill will add millions of dollars to State and Local governments. At the same time it will protect tax paying businesses and the tax base. It will not impact charitable organizations that do not sell there services. This is a Bill that makes sense and I hope you will support its passage. Thank you again for your consideration.

**Testimony to the Senate Committee on Assessment and Taxation
In Support of SB87
Joe Gorenc
Phase 1 Fitness; Pittsburg, KS
March 9, 2011**

Members of the Committee; my name is Joe Gorenc. I am the owner of Phase 1 Fitness in Pittsburg. I am here today to support SB87.

Each and every day I must manage my costs, pay my bills and try to do a great job of customer service. I know this is part of being in business. If another health club opens up to compete against me, I must do a better job than they do to be successful. That is okay as long that new health club has to abide by all the rules that my club must follow and pays all the taxes I must pay. However, in Pittsburg, my biggest competition isn't another tax paying health club; it is the YMCA.

Pittsburg is a great community, but it is not a large community. I must compete with the YMCA for the same limited number of members. Obviously I must pay property tax and collect sales tax on my membership fees and they do not. Why? The only difference is they claim non-profit status and pay no taxes. One would think they get this because of all the charity they provide to Pittsburg. However, no where in their tax filings do they disclose how much charity they provide. They are not required to provide this to the IRS or to the State.

I am just asking that this Committee consider the many small businesses in communities that compete in this unfair environment. We don't mind the competition. We just ask that since the YMCA acts like a business and competes against businesses, that they be taxed like businesses. Please SUPPORT SB87. Thank you.

**Testimony to the Senate Committee on Assessment and Taxation
In Support of SB87
George McCrary, President
Kansas Health and Fitness Association
March 9, 2011**

Distinguished Members of the Committee; my name is George McCrary. I am President of the Kansas Health and Fitness Association. KHFA is a group of tax paying health clubs located in cities, large and small, across Kansas. My club, the Baldwin Athletic Club, is located in Baldwin City, Kansas. KHFA SUPPORTS SB87.

You have received detailed information regarding some of the issues that support passage of SB87. I will not repeat them but will try to give you a different perspective. Many of our member clubs do not face the same competition issues that our members in Kansas City, Wichita, Topeka, etc. face. However, we are no less passionate about the inequity in the current statutes.

My club pays or collects thousands of dollars in property and sales taxes. Obviously this is passed through, as possible, to my members. Since there is no non-profit alternative in my community my members do not have the choice to go to a tax free club. What this means is that my members, and members from every club in the vast majority of communities in Kansas, must pay extra to support State and Local services. While we do not mind paying our share; we find it very distasteful that others do not pay for this support based simply on where they live. Why should Kansans who use health clubs in Baldwin City, Dodge City, Fredonia, Ottawa, Lawrence or the majority of towns and cities in Kansas pay to subsidize a few businesses that also sell memberships?

Not a single one of our member clubs wants to see true charities be burdened with property taxes. However, when an organization regularly sells the same services that are offered by businesses that must pay sales and property taxes that organization is acting like a business. It should be treated as such. While State and Local governments will receive millions of additional revenues annually; this really isn't just about money. This is about what is right. On behalf of business that serve the majority of Kansas communities we ask that you SUPPORT SB87. Thank you.

YMCA's of KANSAS - TESTIMONY

TO: The Honorable Les Donovan, Chair
The Honorable Pat Apple, Vice Chair
And Members of the Senate Committee on Assessment and Taxation

FROM: Jim Hattan, President and Chief Volunteer Officer of the Greater Wichita YMCA
On behalf of the YMCAs of Kansas

RE: SB 87 An Act concerning property taxation; relating to exemptions; community
service organizations providing humanitarian services

DATE: March 9, 2011

Good morning Vice Chairman Apple and Members of the Committee. I am Jim Hattan. I am a private business owner in Kansas and a volunteer for the Greater Wichita YMCA, and I am appearing before you today on behalf of the ten Kansas YMCAs in opposition to the provisions of SB 87 that would impose selective property taxation on YMCAs and other non-profit organizations in Kansas. Joining me are several leaders from area YMCAs who also oppose this legislation and are available to assist you with answers for any questions you may have.

From our review of SB 87, we believe the selective repeal of property tax exemptions via the redefining of "humanitarian services" found on page 4 under K.S.A. 2010 Supp. 79-201, Section 1, ninth (g) would negatively impact Kansas YMCAs and the communities they serve.

As we are all aware, current economic challenges have placed an extraordinary burden on Federal, state and local governments to provide for an increasing need of services amidst ongoing budget cuts and public sentiment to reduce taxes.

As you consider making changes in the state's tax policy, we thought it important for you to hear from Kansas YMCAs to learn more about what we are doing to supplement and complement the state's efforts to provide meaningful services to all of its citizens, but perhaps most importantly, to those in great need at this difficult time.

A few of the facts about the YMCA's of Kansas can best illustrate this point:

- More than 540,000 Kansans were served by YMCAs in 2010. This represents one out of every 5 Kansans and includes more than 180,000 (or one out of every four) Kansas kids.

- \$12.5 million in free and assisted YMCA programs were delivered to Kansas families in 2010. Many of these programs would have to be provided by the government if YMCAs were not available.
- YMCAs are the state's largest provider of child care, youth camps, fitness activities, sports programs, after school programs and swim lessons.
- YMCAs serve vulnerable Kansans and tailor programs to serve the elderly, military families, at-risk youth and special needs children and adults.
- YMCAs received more than \$11.0 million in financial support from individuals and local businesses, with an additional \$3.4 million donated in volunteer services from more than 12,000 volunteers across the state.
- YMCAs are volunteer-led, nonprofit community organizations that belong to the communities they serve.
- YMCAs serve their entire community and provide access to programs and services regardless of a person or family's ability to pay. No one is turned away from a YMCA for financial reasons.

As you can see from this brief list, Ys are helping the state of Kansas provide humanitarian services to many of our most vulnerable citizens.

Unfortunately, an effort to redefine "humanitarian services" in SB 87, based on a financial model with no foundation or context other than the personal financial gain of a few business owners, jeopardizes these services to thousands of low-income Kansas families and 180,000 Kansas kids. Moreover, it jeopardizes local governments, forcing them to provide health and recreation services once available through YMCAs.

While supporters of SB 87 want you to believe they provide the same services as YMCAs, this is not the case. As for-profit health clubs, they provide a limited scope of fitness services driven by bottom line profits. Consequently, their customer base is restricted to those who can afford these services. However, as mission-driven organizations, YMCAs provide a broad range of services based on the communities' needs. These services are offered for all ages and income levels, and no one is turned away due to an inability to pay. Consequently, many of these services lose money and would never be offered in a for-profit arena.

Last year alone, the Greater Wichita YMCA provided \$5.8 million in direct assistance and nearly that much more in indirect assistance to more than 65,000 local kids and adults. A for-profit business is not going to willfully give away more than \$9 million in services with no expectation of return. Yet the proposed language in SB 87, would say that this \$9 million in assistance provided by the Y is not to be considered as humanitarian service.

As a result, there are only two models for funding broad-based health, recreation, child care, after school and other humanitarian programs – a government model or a non-profit model. As written, SB 87 discourages the non-profit model, either forcing the government to take on the additional expense of services during very difficult economic times or resulting in the loss of services to our most vulnerable citizens.

I also ask you to consider who else is affected by this change in legislation. First, SB 87 discourages nonprofit human service organizations from being fiscally self-sustaining. Second, there is no record or list of what currently self-sustaining organizations might be impacted by this arbitrary standard proposed in SB 87. What will SB 87 do to Veterans organizations, Boys and Girls Clubs, YWCAs, hospitals, health care agencies, youth service agencies, counseling centers, etc...?

If organizations like the Y are not able to provide these much needed services in our communities, who will?

The YMCA's mission is to serve the community through programs that promote healthy lifestyles, strong families and positive youth development, regardless of an individual's ability to pay. Our mission is not driven by the bottom line and the evaluation of our humanitarian services should not be determined by an arbitrary bottom line measurement. Instead, humanitarian services should be measured by the number of people they serve and the impact they have on the community, and property tax exemption eligibility should be evaluated based on the longstanding criteria set forth in the existing tax code.

I would like to close by saying we know you have a difficult task ahead of you as you work to balance the state's budget. However, the YMCAs of Kansas respectfully suggest that increasing our costs by assessing property tax will lead to further loss of the programs and services provided by our organization and similarly-situated ones, making any increase in state revenue more than offset by a loss of such programs in our communities.

Thank you for your consideration of our comments today.

Jim Hattan
President and Chief Volunteer Officer
Greater Wichita YMCA

Contact Information:

Greater Wichita YMCA
Mr. Dennis Schoenebeck, General Executive
340 South Broadway, Suite 200
Wichita, Kansas 67202
(316) 219-9622

YMCA MISSION

To put Christian principles into practice through programs that promote healthy lifestyles, strong families, and positive youth development to build healthy spirit, mind and body for all, regardless of ability to pay.

KANSAS YMCAs

Camp Wood YMCA
Garden City Family YMCA
Greater Kansas City YMCA
Greater Wichita YMCA
Junction City Family YMCA
McPherson Family YMCA
Pittsburg Family YMCA
Salina Family YMCA
YMCA of Hutchinson & Reno County
YMCA of Topeka

THE Y DIFFERENCE

- Ys are volunteer-led, nonprofit organizations that belong to the communities they serve.
- Ys make communities better places to live through programs that nurture youth development, healthy living and social responsibility.
- Ys ensure that all kids have the opportunity to discover who they are and what they can achieve.
- Ys improve the nation's health and well-being as they bring families closer together, encouraging good nutrition and physical activity.

THE FACTS

- Obesity in the U.S. has nearly doubled since 1990, creating a health care crisis.
- Children who develop healthy habits at a young age are more likely to continue leading healthy lifestyles through adulthood.
- Children learn by example. Kids with active and healthy parents are more likely to be active and healthy themselves.



MISSION IMPACT

SERVING THE NEEDS OF KANSANS

- 540,000 Kansans were served by the YMCA in 2010.
- \$12.5 million in free and assisted programs were delivered to Kansans by the YMCA in 2010.
- 35.5% of Y members are Kansas children.
- YMCAs are the state's largest providers of child care, youth camps, fitness activities, sport programs, after school programs and swim lessons.
- \$235,900 in free health fairs, screenings, exercise and nutrition activities were provided to Kansans by YMCAs.

Approximately
12,350 volunteers
donated nearly
\$3.4 million worth
of time in 2010.

SERVING THE NEEDS OF COMMUNITIES

- YMCAs are created by the local community based on a regional needs assessment and are controlled by a local board of community volunteers.
- YMCAs serve vulnerable Kansans and tailor programs to serve the elderly, military families, and special needs children and adults.
- Kansans donated \$11.2 million to local YMCAs in 2010.
- Kansas YMCAs provided \$3.3 million in front-line services through public grants, contracts & vouchers, relieving the burden for government to provide many of these services.
- \$597,600 in services were provided by YMCAs to outside agencies and nonprofits, helping them address broader community needs.
- YMCAs collaborated with hundreds of area Kansas agencies to provide community services including public and private schools, colleges, universities, hospitals, government agencies, churches of all faiths, community coalitions, health departments and other non-profits.



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PARTNERSHIPS (partial list)

Schools/Education

Public & Private K-12 Schools
Private & Community Colleges
Public Universities
Early Learning Centers
Head Start & Early Head Start
State Pre-K Programs
Vocational & Trade Schools
Home Schools

Government

Parks and Recreation
Housing Authorities
Public Libraries
Departments of Health
Department of Corrections
Kansas Dept. of SRS & CACFP
Smart Start Kansas
Judicial Services
National Guard & Military Bases
Veteran Services
Government Council on Fitness
Kansas Hunter Safety Program
Police & Fire Departments

Nonprofits/Community Service

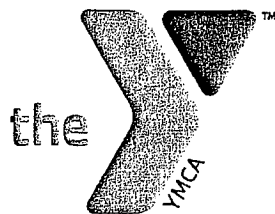
American Red Cross & Blood Centers
Boy and Girl Scouts
United Way & Supported Agencies
Children's Mercy Family Health Part
Salvation Army
Women's Shelters
Homeless Shelters/Rescue Missions
Independent Living Centers
Big Brothers Big Sisters
Group and Children's Homes
Hospitals & Rehab. Programs
Addiction Recovery Centers
Providers for the Mentally & Physically Disabled
Family Service & Guidance Ctrs
Service Clubs & 4-H
Boys and Girls Clubs of America
Meals on Wheels
YMCAs

Coalitions

Community Health Coalitions
Domestic Violence Groups
Communities in Schools
Youth Activity Coalitions
Early Education Coalitions
Silver Sneakers

Religious Groups

Churches of all Faiths
Interfaith Councils & Coalitions
Fellowship Groups
Intergenerational Programs
Youth Service Programs
Catholic Charities



CHANGING KANSAS

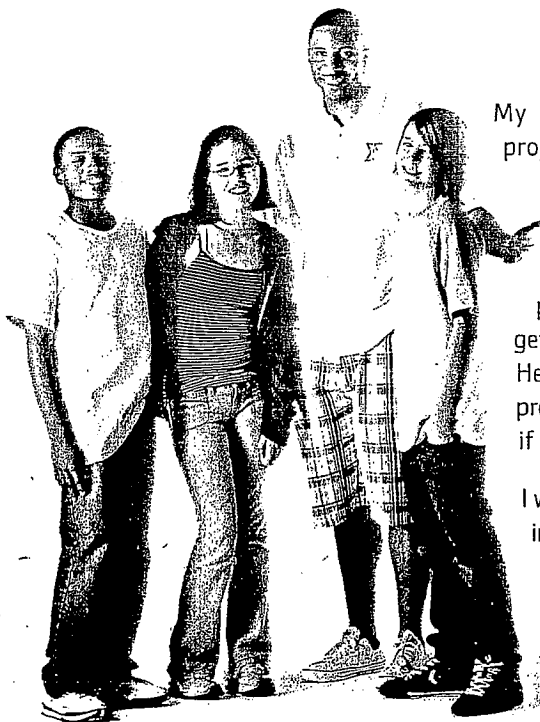
In 2010, Kansas YMCAs provided over \$10 million in free and assisted programs to thousands of area youth and adults. Each and every dollar was an investment in the future success of our state.

I cannot tell you what a blessing the Y has been for our veterans. The men and women who utilize the program show marked improvement.

I see reduction in social isolation, better medical and mental health when our eligible veterans take advantage of the Y's free co-op program and certainly wish each one who is referred would engage... just knowing that they have the opportunity when they are ready is pretty wonderful.

Appreciate you a lot and see daily the benefit veterans get as they build resiliency physically and mentally.

--Lori W., Vet Center



My son attends the YMCA afterschool program at his middle school.

He has time to do his homework with tutors, he definitely would not do this on his own at home. He is getting physical activity that I know he would not get if he went straight home after school. He is getting healthy afterschool snacks preventing him from raiding the refrigerator if he were home alone.

I was absolutely shocked when we enrolled in school to find out this program is free. How can parents who have to work to provide just the basics pass up a program like this?

--Middle School Parent

Ys serve 1 of every 5 Kansans, and every life touched is a life changed.

FOR YOUTH DEVELOPMENT
FOR HEALTHY LIVING
FOR SOCIAL RESPONSIBILITY