

HOUSE BILL No. 2457

By Committee on Taxation

Requested by Representative Bryce on behalf of Representatives Helwig and Roth

1-15

1 AN ACT concerning property taxation; relating to residential property;
2 restricting homestead taxes to not more than the established base year
3 amount of property taxes owed for individuals 65 years of age and
4 older; relating to commercial property; eliminating the property tax
5 exemption for certain properties used for healthcare when in
6 competition with comparable uses by non-exempt properties; amending
7 K.S.A. 79-201 and repealing the existing section.
8

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

10 New Section 1. (a) Notwithstanding any other law to the contrary,
11 upon filing of an application with the county treasurer, the property or ad
12 valorem taxes levied and collected on any homestead property owned and
13 actually and regularly occupied and used predominantly as a residence by
14 an individual or individuals that qualify pursuant to subsection (b), or
15 surviving spouse thereof, shall not exceed the base year amount of
16 property taxes owed. If the property or ad valorem taxes that are levied are
17 less than the amount established as the base year amount, the lesser
18 amount shall be levied and collected and such amount shall be used as the
19 base year amount for successive years.

20 (b) To qualify pursuant to subsection (a), a homestead property owner
21 shall:

22 (1) Have actually and regularly occupied and used this homestead
23 predominantly as a residence for the prior taxable year; and

24 (2) be 65 years of age or older immediately preceding January 1 of
25 the taxable year that the exemption is sought.

26 (c) All moneys received from taxes levied upon homestead property
27 provided by this section shall be allocated and distributed to the
28 appropriate taxing subdivisions pursuant to the proportion of the
29 cumulative tax levies for such property.

30 (d) In administering this section, the division of property valuation
31 shall make available suitable forms with instructions for claimants. Copies
32 of such forms shall also be made available to all county clerks and county
33 treasurers in sufficient numbers to supply claimants residing in their
34 respective counties. It shall be the duty of the county clerk to assist any
35 claimant seeking assistance in the filing of a claim under the provisions of

1 this act. Claimants shall submit the application to the county treasurer, who
2 shall grant or deny the application. Applications shall be received before
3 April 1 for the calendar year.

4 (e) As used in this section, "base year" means:

5 (1) The taxable year that a homestead property owner turns 65 years
6 of age; or

7 (2) 2026 for individuals that turned 65 years of age prior to 2027.

8 (f) The provisions of this section shall apply to all taxable years
9 commencing after December 31, 2026.

10 New Sec. 2. (a) Any property exempt or eligible to be exempt from
11 property or ad valorem taxes levied under the laws of the state of Kansas
12 pursuant to K.S.A. 79-201, and amendments thereto, shall not be exempt
13 from property or ad valorem taxes if:

14 (1) Such property is owned and used by a corporation that is exempt
15 from federal income taxation pursuant to section 501(c)(3) of the internal
16 revenue code of 1986;

17 (2) the property is used for the purpose of providing healthcare
18 services; and

19 (3) another provider of comparable medical services provides such
20 services within the county or an adjacent county of the property subject to
21 property or ad valorem taxes.

22 (b) The county appraiser, upon complaint or investigation, shall
23 determine if any exempt property qualifies pursuant to subsection (a) and
24 is no longer eligible for property or ad valorem tax exemption provided by
25 K.S.A. 79-201, and amendments thereto, for the next tax year.

26 (c) Appeals to any decision rendered by the county appraiser pursuant
27 to subsection (b) shall be made to the board of county commissioners. The
28 board of county commissioners of the county in which the property is
29 located shall render a decision on any appeal and such decision shall be
30 final.

31 Sec. 3. K.S.A. 79-201 is hereby amended to read as follows: 79-201.
32 The following described property, to the extent herein specified, shall be
33 and is hereby exempt from all property or ad valorem taxes levied under
34 the laws of the state of Kansas:

35 *First.* All buildings used exclusively as places of public worship and all
36 buildings used exclusively by school districts and school district interlocal
37 cooperatives organized under the laws of this state, with the furniture and
38 books therein contained and used exclusively for the accommodation of
39 religious meetings or for school district or school district interlocal
40 cooperative purposes, whichever is applicable, together with the grounds
41 owned thereby if not leased or otherwise used for the realization of profit,
42 except that: (a) (1) Any school building, or portion thereof, together with
43 the grounds upon which the building is located, shall be considered to be

1 used exclusively by the school district for the purposes of this section
2 when leased by the school district to any political or taxing subdivision of
3 the state, including a school district interlocal cooperative, or to any
4 association, organization or nonprofit corporation entitled to tax exemption
5 with respect to such property; and (2) any school building, together with
6 the grounds upon which the building is located, shall be considered to be
7 used exclusively by a school district interlocal cooperative for the
8 purposes of this section when being acquired pursuant to a lease-purchase
9 agreement; and (b) any building, or portion thereof, used as a place of
10 worship, together with the grounds upon which the building is located,
11 shall be considered to be used exclusively for the religious purposes of this
12 section when used as a not-for-profit day care center for children which is
13 licensed pursuant to K.S.A. 65-501 et seq., and amendments thereto, or
14 when used to house an area where the congregation of a church society
15 and others may purchase tracts, books and other items relating to the
16 promulgation of the church society's religious doctrines.

17 *Second.* All real property, and all tangible personal property, actually
18 and regularly used exclusively for literary, educational, scientific,
19 religious, benevolent or charitable purposes, including property used
20 exclusively for such purposes by more than one agency or organization for
21 one or more of such exempt purposes. Except with regard to real property
22 which is owned by a religious organization, is to be used exclusively for
23 religious purposes and is not used for a nonexempt purpose prior to its
24 exclusive use for religious purposes which property shall be deemed to be
25 actually and regularly used exclusively for religious purposes for the
26 purposes of this paragraph, this exemption shall not apply to such property,
27 not actually used or occupied for the purposes set forth herein, nor to such
28 property held or used as an investment even though the income or rentals
29 received therefrom is used wholly for such literary, educational, scientific,
30 religious, benevolent or charitable purposes. In the event any such
31 property which has been exempted pursuant to the preceding sentence is
32 not used for religious purposes prior to its conveyance which results in its
33 use for nonreligious purposes, there shall be a recoupment of property
34 taxes in an amount equal to the tax which would have been levied upon
35 such property except for such exemption for all taxable years for which
36 such exemption was in effect. Such recoupment tax shall become due and
37 payable in such year as provided by K.S.A. 79-2004, and amendments
38 thereto. A lien for such taxes shall attach to the real property subject to the
39 same on November 1 in the year such taxes become due and all such taxes
40 remaining due and unpaid after the date prescribed for the payment thereof
41 shall be collected in the manner provided by law for the collection of
42 delinquent taxes. Moneys collected from the recoupment tax hereunder
43 shall be credited by the county treasurer to the several taxing subdivisions

1 within which such real property is located in the proportion that the total
2 tangible property tax levies made in the preceding year for each such
3 taxing subdivision bear to the total of all such levies made in that year by
4 all such taxing subdivisions. Such moneys shall be credited to the general
5 fund of the taxing subdivision or if such taxing subdivision is making no
6 property tax levy for the support of a general fund such moneys may be
7 credited to any other tangible property tax fund of general application of
8 such subdivision. This exemption shall not be deemed inapplicable to
9 property which would otherwise be exempt pursuant to this paragraph
10 because an agency or organization: (a) Is reimbursed for the provision of
11 services accomplishing the purposes enumerated in this paragraph based
12 upon the ability to pay by the recipient of such services; or (b) is
13 reimbursed for the actual expense of using such property for purposes
14 enumerated in this paragraph; or (c) uses such property for a nonexempt
15 purpose which is minimal in scope and insubstantial in nature if such use
16 is incidental to the exempt purposes of this paragraph; or (d) charges a
17 reasonable fee for admission to cultural or educational activities or permits
18 the use of its property for such activities by a related agency or
19 organization, if any such activity is in furtherance of the purposes of this
20 paragraph; or (e) is applying for an exemption pursuant to this paragraph
21 for a motor vehicle that is being leased for a period of at least one year.

22 *Third.* All moneys and credits belonging exclusively to universities,
23 colleges, academies or other public schools of any kind, or to religious,
24 literary, scientific or benevolent and charitable institutions or associations,
25 appropriated solely to sustain such institutions or associations, not
26 exceeding in amount or in income arising therefrom the limit prescribed by
27 the charter of such institution or association.

28 *Fourth.* The reserve or emergency funds of fraternal benefit societies
29 authorized to do business under the laws of the state of Kansas.

30 *Fifth.* All buildings of private nonprofit universities or colleges which
31 are owned and operated by such universities and colleges as student union
32 buildings, presidents' homes and student dormitories.

33 *Sixth.* All real and tangible personal property actually and regularly
34 used exclusively by the alumni association associated by its articles of
35 incorporation with any public or nonprofit Kansas college or university
36 approved by the Kansas board of regents to confer academic degrees or
37 with any community college approved by its board of trustees to grant
38 certificates of completion of courses or curriculum, to provide
39 accommodations and services to such college or university or to the
40 alumni, staff or faculty thereof.

41 *Seventh.* All parsonages owned by a church society and actually and
42 regularly occupied and used predominantly as a residence by a minister or
43 other clergyman of such church society who is actually and regularly

1 engaged in conducting the services and religious ministrations of such
2 society, and the land upon which such parsonage is located to the extent
3 necessary for the accommodation of such parsonage.

4 *Eighth.* All real property, all buildings located on such property and all
5 personal property contained therein, actually and regularly used
6 exclusively by any individually chartered organization of honorably
7 discharged military veterans of the United States armed forces or auxiliary
8 of any such organization, which is exempt from federal income taxation
9 pursuant to section 501(c)(19) of the federal internal revenue code of
10 1986, for clubhouse, place of meeting or memorial hall purposes, and real
11 property to the extent of not more than two acres, and all buildings located
12 on such property, actually and regularly used exclusively by any such
13 veterans' organization or its auxiliary as a memorial park.

14 *Ninth.* All real property and tangible personal property actually and
15 regularly used by a community service organization for the predominant
16 purpose of providing humanitarian services, which is owned and operated
17 by a corporation organized not for profit under the laws of the state of
18 Kansas or by a corporation organized not for profit under the laws of
19 another state and duly admitted to engage in business in this state as a
20 foreign not-for-profit corporation if: (a) The directors of such corporation
21 serve without pay for such services; (b) the corporation is operated in a
22 manner which does not result in the accrual of distributable profits,
23 realization of private gain resulting from the payment of compensation in
24 excess of a reasonable allowance for salary or other compensation for
25 services rendered or the realization of any other form of private gain; (c)
26 no officer, director or member of such corporation has any pecuniary
27 interest in the property for which exemption is claimed; (d) the corporation
28 is organized for the purpose of providing humanitarian services; (e) the
29 actual use of property for which an exemption is claimed must be
30 substantially and predominantly related to the purpose of providing
31 humanitarian services, except that, the use of such property for a
32 nonexempt purpose which is minimal in scope and insubstantial in nature
33 shall not result in the loss of exemption if such use is incidental to the
34 purpose of providing humanitarian services by the corporation; (f) the
35 corporation is exempt from federal income taxation pursuant to section
36 501(c)(3) of the internal revenue code of 1986; and (g) contributions to the
37 corporation are deductible under the Kansas income tax act. As used in this
38 clause, "humanitarian services" means the conduct of activities which
39 substantially and predominantly meet a demonstrated community need and
40 which improve the physical, mental, social, cultural or spiritual welfare of
41 others or the relief, comfort or assistance of persons in distress or any
42 combination thereof including, but not limited to, health and recreation
43 services, child care, individual and family counseling, employment and

1 training programs for handicapped persons and meals or feeding programs.
2 Notwithstanding any other provision of this clause, motor vehicles shall
3 not be exempt hereunder unless such vehicles are exclusively used for the
4 purposes described therein, except that the use of any such vehicle for the
5 purpose of participating in a coordinated transit district in accordance with
6 the provisions of K.S.A. 75-5032 through 75-5037, and amendments
7 thereto, or K.S.A. 75-5051 through 75-5058, and amendments thereto,
8 shall be deemed as exclusive use.

9 *Tenth.* For all taxable years commencing after December 31, 1986, any
10 building, and the land upon which such building is located to the extent
11 necessary for the accommodation of such building, owned by a church or
12 nonprofit religious society or order which is exempt from federal income
13 taxation pursuant to section 501(c)(3) of the federal internal revenue code
14 of 1986, and actually and regularly occupied and used exclusively for
15 residential and religious purposes by a community of persons who are
16 bound by vows to a religious life and who conduct or assist in the conduct
17 of religious services and actually and regularly engage in religious,
18 benevolent, charitable or educational ministrations or the performance of
19 health care services.

20 *Eleventh.* For all taxable years commencing after December 31, 1998,
21 all property actually and regularly used predominantly to produce and
22 generate electricity utilizing renewable energy resources or technologies
23 when the applicant for such property, on or before December 31, 2016, has
24 filed an application for exemption pursuant to this subsection or has
25 received a conditional use permit to produce and generate electricity on the
26 property from the county in which the property is located. Any exemption
27 granted under the provisions of this subsection for such property when the
28 applicant, after December 31, 2016, has filed such application or filed such
29 application and received a conditional use permit, shall be in effect for the
30 10 taxable years immediately following the taxable year in which
31 construction or installation of such property is completed. For purposes of
32 this section, "renewable energy resources or technologies" shall include
33 wind, solar, photovoltaic, biomass, hydropower, geothermal and landfill
34 gas resources or technologies.

35 *Twelfth.* For all taxable years commencing after December 31, 2001, all
36 personal property actually and regularly used predominantly to collect,
37 refine or treat landfill gas or to transport landfill gas from a landfill to a
38 transmission pipeline, and the landfill gas produced therefrom.

39 The provisions of this section, except as otherwise more specifically
40 provided *herein or by section 2, and amendments thereto*, shall apply to all
41 taxable years commencing after December 31, ~~2009~~ 2026.

42 Sec. 4. K.S.A. 79-201 is hereby repealed.

43 Sec. 5. This act shall take effect and be in force from and after its

- 1 publication in the statute book.