

## SENATE BILL No. 476

By Senator Kloos

2-4

1 AN ACT concerning property taxation; relating to exemptions; exempting  
2 certain property used for thrift store purposes by a church or religious  
3 organization; amending K.S.A. 79-201 and repealing the existing  
4 section.

5

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

7 Section 1. K.S.A. 79-201 is hereby amended to read as follows: 79-  
8 201. The following described property, to the extent herein specified, shall  
9 be and is hereby exempt from all property or ad valorem taxes levied  
10 under the laws of the state of Kansas:

11 *First.* All buildings used exclusively as places of public worship and all  
12 buildings used exclusively by school districts and school district interlocal  
13 cooperatives organized under the laws of this state, with the furniture and  
14 books therein contained and used exclusively for the accommodation of  
15 religious meetings or for school district or school district interlocal  
16 cooperative purposes, whichever is applicable, together with the grounds  
17 owned thereby if not leased or otherwise used for the realization of profit,  
18 except that: (a) (1) Any school building, or portion thereof, together with  
19 the grounds upon which the building is located, shall be considered to be  
20 used exclusively by the school district for the purposes of this section  
21 when leased by the school district to any political or taxing subdivision of  
22 the state, including a school district interlocal cooperative, or to any  
23 association, organization or nonprofit corporation entitled to tax exemption  
24 with respect to such property; and (2) any school building, together with  
25 the grounds upon which the building is located, shall be considered to be  
26 used exclusively by a school district interlocal cooperative for the  
27 purposes of this section when being acquired pursuant to a lease-purchase  
28 agreement; and (b) any building, or portion thereof, used as a place of  
29 worship, together with the grounds upon which the building is located,  
30 shall be considered to be used exclusively for the religious purposes of this  
31 section when used as a not-for-profit day care center for children which is  
32 licensed pursuant to K.S.A. 65-501 et seq., and amendments thereto, or  
33 when used to house an area where the congregation of a church society  
34 and others may purchase tracts, books and other items relating to the  
35 promulgation of the church society's religious doctrines.

36 *Second.* All real property, and all tangible personal property, actually

1 and regularly used exclusively for literary, educational, scientific,  
2 religious, benevolent or charitable purposes, including property used  
3 exclusively for such purposes by more than one agency or organization for  
4 one or more of such exempt purposes. Except with regard to real property  
5 which is owned by a religious organization, is to be used exclusively for  
6 religious purposes and is not used for a nonexempt purpose prior to its  
7 exclusive use for religious purposes which property shall be deemed to be  
8 actually and regularly used exclusively for religious purposes for the  
9 purposes of this paragraph, this exemption shall not apply to such property,  
10 not actually used or occupied for the purposes set forth herein, nor to such  
11 property held or used as an investment even though the income or rentals  
12 received therefrom is used wholly for such literary, educational, scientific,  
13 religious, benevolent or charitable purposes. In the event any such  
14 property which has been exempted pursuant to the preceding sentence is  
15 not used for religious purposes prior to its conveyance which results in its  
16 use for nonreligious purposes, there shall be a recoupment of property  
17 taxes in an amount equal to the tax which would have been levied upon  
18 such property except for such exemption for all taxable years for which  
19 such exemption was in effect. Such recoupment tax shall become due and  
20 payable in such year as provided by K.S.A. 79-2004, and amendments  
21 thereto. A lien for such taxes shall attach to the real property subject to the  
22 same on November 1 in the year such taxes become due and all such taxes  
23 remaining due and unpaid after the date prescribed for the payment thereof  
24 shall be collected in the manner provided by law for the collection of  
25 delinquent taxes. Moneys collected from the recoupment tax hereunder  
26 shall be credited by the county treasurer to the several taxing subdivisions  
27 within which such real property is located in the proportion that the total  
28 tangible property tax levies made in the preceding year for each such  
29 taxing subdivision bear to the total of all such levies made in that year by  
30 all such taxing subdivisions. Such moneys shall be credited to the general  
31 fund of the taxing subdivision or if such taxing subdivision is making no  
32 property tax levy for the support of a general fund such moneys may be  
33 credited to any other tangible property tax fund of general application of  
34 such subdivision. This exemption shall not be deemed inapplicable to  
35 property which would otherwise be exempt pursuant to this paragraph  
36 because an agency or organization: (a) Is reimbursed for the provision of  
37 services accomplishing the purposes enumerated in this paragraph based  
38 upon the ability to pay by the recipient of such services; or (b) is  
39 reimbursed for the actual expense of using such property for purposes  
40 enumerated in this paragraph; or (c) uses such property for a nonexempt  
41 purpose which is minimal in scope and insubstantial in nature if such use  
42 is incidental to the exempt purposes of this paragraph; or (d) charges a  
43 reasonable fee for admission to cultural or educational activities or permits

1 the use of its property for such activities by a related agency or  
2 organization, if any such activity is in furtherance of the purposes of this  
3 paragraph; or (e) is applying for an exemption pursuant to this paragraph  
4 for a motor vehicle that is being leased for a period of at least one year.  
5 *For purposes of this exemption, real property and tangible personal*  
6 *property actually and regularly used for the purpose of a thrift store that*  
7 *operates with donated goods, not consigned goods, shall be deemed to be*  
8 *used exclusively for religious or charitable purposes when both the*  
9 *property and thrift store are owned and exclusively operated by the same*  
10 *church or religious organization as part of the religious or charitable*  
11 *mission of such church or religious organization and such thrift store*  
12 *provides items without charge to individuals in need or sells items and*  
13 *uses proceeds for the religious or charitable mission of such church or*  
14 *religious organization.*

15 *Third.* All moneys and credits belonging exclusively to universities,  
16 colleges, academies or other public schools of any kind, or to religious,  
17 literary, scientific or benevolent and charitable institutions or associations,  
18 appropriated solely to sustain such institutions or associations, not  
19 exceeding in amount or in income arising therefrom the limit prescribed by  
20 the charter of such institution or association.

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

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

26 *Sixth.* All real and tangible personal property actually and regularly  
27 used exclusively by the alumni association associated by its articles of  
28 incorporation with any public or nonprofit Kansas college or university  
29 approved by the Kansas board of regents to confer academic degrees or  
30 with any community college approved by its board of trustees to grant  
31 certificates of completion of courses or curriculum, to provide  
32 accommodations and services to such college or university or to the  
33 alumni, staff or faculty thereof.

34 *Seventh.* All parsonages owned by a church society and actually and  
35 regularly occupied and used predominantly as a residence by a minister or  
36 other clergyman of such church society who is actually and regularly  
37 engaged in conducting the services and religious ministrations of such  
38 society, and the land upon which such parsonage is located to the extent  
39 necessary for the accommodation of such parsonage.

40 *Eighth.* All real property, all buildings located on such property and all  
41 personal property contained therein, actually and regularly used  
42 exclusively by any individually chartered organization of honorably  
43 discharged military veterans of the United States armed forces or auxiliary

1 of any such organization, which is exempt from federal income taxation  
2 pursuant to section 501(c)(19) of the federal internal revenue code of  
3 1986, *as amended*, for clubhouse, place of meeting or memorial hall  
4 purposes, and real property to the extent of not more than two acres, and  
5 all buildings located on such property, actually and regularly used  
6 exclusively by any such veterans' organization or its auxiliary as a  
7 memorial park.

8 *Ninth.* All real property and tangible personal property actually and  
9 regularly used by a community service organization for the predominant  
10 purpose of providing humanitarian services, which is owned and operated  
11 by a corporation organized not for profit under the laws of the state of  
12 Kansas or by a corporation organized not for profit under the laws of  
13 another state and duly admitted to engage in business in this state as a  
14 foreign not-for-profit corporation if: (a) The directors of such corporation  
15 serve without pay for such services; (b) the corporation is operated in a  
16 manner which does not result in the accrual of distributable profits,  
17 realization of private gain resulting from the payment of compensation in  
18 excess of a reasonable allowance for salary or other compensation for  
19 services rendered or the realization of any other form of private gain; (c)  
20 no officer, director or member of such corporation has any pecuniary  
21 interest in the property for which exemption is claimed; (d) the corporation  
22 is organized for the purpose of providing humanitarian services; (e) the  
23 actual use of property for which an exemption is claimed must be  
24 substantially and predominantly related to the purpose of providing  
25 humanitarian services, except that, the use of such property for a  
26 nonexempt purpose which is minimal in scope and insubstantial in nature  
27 shall not result in the loss of exemption if such use is incidental to the  
28 purpose of providing humanitarian services by the corporation; (f) the  
29 corporation is exempt from federal income taxation pursuant to section  
30 501(c)(3) of the internal revenue code of 1986 $\frac{1}{2}$ , *as amended*, and (g)  
31 contributions to the corporation are deductible under the Kansas income  
32 tax act. As used in this clause, "humanitarian services" means the conduct  
33 of activities which substantially and predominantly meet a demonstrated  
34 community need and which improve the physical, mental, social, cultural  
35 or spiritual welfare of others or the relief, comfort or assistance of persons  
36 in distress or any combination thereof including, but not limited to, health  
37 and recreation services, child care, individual and family counseling,  
38 employment and training programs for handicapped persons and meals or  
39 feeding programs. Notwithstanding any other provision of this clause,  
40 motor vehicles shall not be exempt hereunder unless such vehicles are  
41 exclusively used for the purposes described therein, except that the use of  
42 any such vehicle for the purpose of participating in a coordinated transit  
43 district in accordance with the provisions of K.S.A. 75-5032 through 75-

1 5037, and amendments thereto, or K.S.A. 75-5051 through 75-5058, and  
2 amendments thereto, shall be deemed as exclusive use.

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

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

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

33 The provisions of this section, except as otherwise more specifically  
34 provided, shall apply to all taxable years commencing after December 31,  
35 2009.

36 Sec. 2. K.S.A. 79-201 is hereby repealed.

37 Sec. 3. This act shall take effect and be in force from and after its  
38 publication in the statute book.