

HOUSE BILL No. 2231

By Committee on Taxation

1-31

1 AN ACT concerning property taxation; relating to exemptions; providing
2 for an exemption for residential property where a property day care
3 facility operates; amending K.S.A. 79-201 and repealing the existing
4 section.

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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:

19 (a) (1) Any school building, or portion thereof, together with the
20 grounds upon which the building is located, shall be considered to be used
21 exclusively by the school district for the purposes of this section when
22 leased by the school district to any political or taxing subdivision of the
23 state, including a school district interlocal cooperative, or to any
24 association, organization or nonprofit corporation entitled to tax exemption
25 with respect to such property; and

26 (2) any school building, together with the grounds upon which the
27 building is located, shall be considered to be used exclusively by a school
28 district interlocal cooperative for the purposes of this section when being
29 acquired pursuant to a lease-purchase agreement; and

30 (b) any building, or portion thereof, used as a place of worship,
31 together with the grounds upon which the building is located, shall be
32 considered to be used exclusively for the religious purposes of this section
33 when used as a not-for-profit day care center for children which is licensed
34 pursuant to K.S.A. 65-501 et seq., and amendments thereto, or when used
35 to house an area where the congregation of a church society and others
36 may purchase tracts, books and other items relating to the promulgation of

1 the church society's religious doctrines.

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

39 (a) Is reimbursed for the provision of services accomplishing the
40 purposes enumerated in this paragraph based upon the ability to pay by the
41 recipient of such services;~~or~~

42 (b) is reimbursed for the actual expense of using such property for
43 purposes enumerated in this paragraph;~~or~~

1 (c) uses such property for a nonexempt purpose which is minimal in
2 scope and insubstantial in nature if such use is incidental to the exempt
3 purposes of this paragraph; ~~or~~

4 (d) charges a reasonable fee for admission to cultural or educational
5 activities or permits the use of its property for such activities by a related
6 agency or organization, if any such activity is in furtherance of the
7 purposes of this paragraph; or

8 (e) is applying for an exemption pursuant to this paragraph for a
9 motor vehicle that is being leased for a period of at least one year.

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

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

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

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

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

35 *Eighth.* All real property, all buildings located on such property and all
36 personal property contained therein, actually and regularly used
37 exclusively by any individually chartered organization of honorably
38 discharged military veterans of the United States armed forces or auxiliary
39 of any such organization, which is exempt from federal income taxation
40 pursuant to section 501(c)(19) of the federal internal revenue code of
41 1986, for clubhouse, place of meeting or memorial hall purposes, and real
42 property to the extent of not more than two acres, and all buildings located
43 on such property, actually and regularly used exclusively by any such

1 veterans' organization or its auxiliary as a memorial park.

2 *Ninth.* All real property and tangible personal property actually and
3 regularly used by a community service organization for the predominant
4 purpose of providing humanitarian services, which is owned and operated
5 by a corporation organized not for profit under the laws of the state of
6 Kansas or by a corporation organized not for profit under the laws of
7 another state and duly admitted to engage in business in this state as a
8 foreign not-for-profit corporation if:

9 (a) The directors of such corporation serve without pay for such
10 services;

11 (b) the corporation is operated in a manner which does not result in
12 the accrual of distributable profits, realization of private gain resulting
13 from the payment of compensation in excess of a reasonable allowance for
14 salary or other compensation for services rendered or the realization of any
15 other form of private gain;

16 (c) no officer, director or member of such corporation has any
17 pecuniary interest in the property for which exemption is claimed;

18 (d) the corporation is organized for the purpose of providing
19 humanitarian services;

20 (e) the actual use of property for which an exemption is claimed must
21 be substantially and predominantly related to the purpose of providing
22 humanitarian services, except that, the use of such property for a
23 nonexempt purpose which is minimal in scope and insubstantial in nature
24 shall not result in the loss of exemption if such use is incidental to the
25 purpose of providing humanitarian services by the corporation;

26 (f) the corporation is exempt from federal income taxation pursuant to
27 section 501(c)(3) of the internal revenue code of 1986; and

28 (g) contributions to the corporation are deductible under the Kansas
29 income tax act.

30 As used in this clause, "humanitarian services" means the conduct of
31 activities which substantially and predominantly meet a demonstrated
32 community need and which improve the physical, mental, social, cultural
33 or spiritual welfare of others or the relief, comfort or assistance of persons
34 in distress or any combination thereof including, but not limited to, health
35 and recreation services, child care, individual and family counseling,
36 employment and training programs for handicapped persons and meals or
37 feeding programs. Notwithstanding any other provision of this clause,
38 motor vehicles shall not be exempt hereunder unless such vehicles are
39 exclusively used for the purposes described therein, except that the use of
40 any such vehicle for the purpose of participating in a coordinated transit
41 district in accordance with the provisions of K.S.A. 75-5032 through 75-
42 5037, and amendments thereto, or K.S.A. 75-5051 through 75-5058, and
43 amendments thereto, shall be deemed as exclusive use.

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

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

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

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

34 *Thirteenth.* For all taxable years commencing after December 31,
35 2023, all real property classified as real property used for residential
36 purposes that is also used as a day care facility whereby the owner of such
37 residence has received a license from the secretary of health and
38 environment pursuant to K.S.A. 65-504, and amendments thereto, allowing
39 for the lawful operation of such day care facility in the residence.

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

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