

HOUSE BILL No. 2396

By Committee on Taxation

2-26

1 AN ACT concerning property tax; relating to exemptions; providing a ten-
2 year limitation on exemption for property used for renewable energy
3 resources or technologies; amending K.S.A. 2014 Supp. 79-201 and
4 repealing the existing section.

5
6 *Be it enacted by the Legislature of the State of Kansas:*

7 Section 1. K.S.A. 2014 Supp. 79-201 is hereby amended to read as
8 follows: 79-201. The following described property, to the extent herein
9 specified, shall be and is hereby exempt from all property or ad valorem
10 taxes levied 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 *Third.* All moneys and credits belonging exclusively to universities,
6 colleges, academies or other public schools of any kind, or to religious,
7 literary, scientific or benevolent and charitable institutions or associations,
8 appropriated solely to sustain such institutions or associations, not
9 exceeding in amount or in income arising therefrom the limit prescribed by
10 the charter of such institution or association.

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

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

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

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

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

40 *Ninth.* All real property and tangible personal property actually and
41 regularly used by a community service organization for the predominant
42 purpose of providing humanitarian services, which is owned and operated
43 by a corporation organized not for profit under the laws of the state of

1 Kansas or by a corporation organized not for profit under the laws of
2 another state and duly admitted to engage in business in this state as a
3 foreign not-for-profit corporation if: (a) The directors of such corporation
4 serve without pay for such services; (b) the corporation is operated in a
5 manner which does not result in the accrual of distributable profits,
6 realization of private gain resulting from the payment of compensation in
7 excess of a reasonable allowance for salary or other compensation for
8 services rendered or the realization of any other form of private gain; (c)
9 no officer, director or member of such corporation has any pecuniary
10 interest in the property for which exemption is claimed; (d) the corporation
11 is organized for the purpose of providing humanitarian services; (e) the
12 actual use of property for which an exemption is claimed must be
13 substantially and predominantly related to the purpose of providing
14 humanitarian services, except that, the use of such property for a
15 nonexempt purpose which is minimal in scope and insubstantial in nature
16 shall not result in the loss of exemption if such use is incidental to the
17 purpose of providing humanitarian services by the corporation; (f) the
18 corporation is exempt from federal income taxation pursuant to section
19 501(c)(3) of the internal revenue code of 1986 and; (g) contributions to the
20 corporation are deductible under the Kansas income tax act. As used in this
21 clause, "humanitarian services" means the conduct of activities which
22 substantially and predominantly meet a demonstrated community need and
23 which improve the physical, mental, social, cultural or spiritual welfare of
24 others or the relief, comfort or assistance of persons in distress or any
25 combination thereof including but not limited to health and recreation
26 services, child care, individual and family counseling, employment and
27 training programs for handicapped persons and meals or feeding programs.
28 Notwithstanding any other provision of this clause, motor vehicles shall
29 not be exempt hereunder unless such vehicles are exclusively used for the
30 purposes described therein, except that the use of any such vehicle for the
31 purpose of participating in a coordinated transit district in accordance with
32 the provisions of K.S.A. 75-5032 through 75-5037, and amendments
33 thereto, or K.S.A. 75-5051 through 75-5058, and amendments thereto,
34 shall be deemed as exclusive use.

35 *Tenth.* For all taxable years commencing after December 31, 1986, any
36 building, and the land upon which such building is located to the extent
37 necessary for the accommodation of such building, owned by a church or
38 nonprofit religious society or order which is exempt from federal income
39 taxation pursuant to section 501(c)(3) of the federal internal revenue code
40 of 1986, and actually and regularly occupied and used exclusively for
41 residential and religious purposes by a community of persons who are
42 bound by vows to a religious life and who conduct or assist in the conduct
43 of religious services and actually and regularly engage in religious,

1 benevolent, charitable or educational ministrations or the performance of
2 health care services.

3 *Eleventh.* For all taxable years commencing after December 31, 1998,
4 all property actually and regularly used predominantly to produce and
5 generate electricity utilizing renewable energy resources or technologies.
6 For purposes of this section, "renewable energy resources or technologies"
7 shall include wind, solar, photovoltaic, biomass, hydropower, geothermal
8 and landfill gas resources or technologies. *Any exemption granted under*
9 *the provisions of this subsection pursuant to an application for exemption*
10 *filed after December 31, 2014, shall be in effect for the 10 taxable years*
11 *immediately following the taxable year in which construction or*
12 *installation of such property is completed.*

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

17 The provisions of this section, except as otherwise more specifically
18 provided, shall apply to all taxable years commencing after December 31,
19 2009.

20 Sec. 2. K.S.A. 2014 Supp. 79-201 is hereby repealed.

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