

SENATE BILL No. 87

By Committee on Assessment and Taxation

2-3

1 AN ACT concerning property taxation; relating to exemptions;
2 community service organizations providing humanitarian services;
3 amending K.S.A. 2010 Supp. 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. 2010 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
12 all buildings used exclusively by school districts and school district
13 interlocal cooperatives organized under the laws of this state, with the
14 furniture and books therein contained and used exclusively for the
15 accommodation of religious meetings or for school district or school
16 district interlocal cooperative purposes, whichever is applicable, together
17 with the grounds owned thereby if not leased or otherwise used for the
18 realization of profit, except that: (a)(1) Any school building, or portion
19 thereof, together with the grounds upon which the building is located,
20 shall be considered to be used exclusively by the school district for the
21 purposes of this section when leased by the school district to any political
22 or taxing subdivision of the state, including a school district interlocal
23 cooperative, or to any association, organization or nonprofit corporation
24 entitled to tax exemption with respect to such property; and (2) any
25 school building, together with the grounds upon which the building is
26 located, shall be considered to be used exclusively by a school district
27 interlocal cooperative for the purposes of this section when being
28 acquired pursuant to a lease-purchase agreement; and (b) any building, or
29 portion thereof, used as a place of worship, together with the grounds
30 upon which the building is located, shall be considered to be used
31 exclusively for the religious purposes of this section when used as a not-
32 for-profit day care center for children which is licensed pursuant to
33 K.S.A. 65-501 et seq., and amendments thereto, or when used to house an
34 area where the congregation of a church society and others may purchase
35 tracts, books and other items relating to the promulgation of the church
36 society's religious doctrines.

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

1 the exempt purposes of this paragraph; or (d) charges a reasonable fee for
2 admission to cultural or educational activities or permits the use of its
3 property for such activities by a related agency or organization, if any
4 such activity is in furtherance of the purposes of this paragraph; or (e) is
5 applying for an exemption pursuant to this paragraph for a motor vehicle
6 that is being leased for a period of at least one year.

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

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

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

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

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

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

43 *Ninth.* All real property and tangible personal property actually and

1 regularly used by a community service organization for the predominant
2 purpose of providing humanitarian services, which is owned and operated
3 by a corporation organized not-for-profit under the laws of the state of
4 Kansas or by a corporation organized not-for-profit under the laws of
5 another state and duly admitted to engage in business in this state as a
6 foreign not-for-profit corporation if: (a) The directors of such corporation
7 serve without pay for such services; (b) the corporation is operated in a
8 manner which does not result in the accrual of distributable profits,
9 realization of private gain resulting from the payment of compensation in
10 excess of a reasonable allowance for salary or other compensation for
11 services rendered or the realization of any other form of private gain; (c)
12 no officer, director or member of such corporation has any pecuniary
13 interest in the property for which exemption is claimed; (d) the
14 corporation is organized for the purpose of providing humanitarian
15 services; (e) the actual use of property for which an exemption is claimed
16 must be substantially and predominantly related to the purpose of
17 providing humanitarian services, except that, the use of such property for
18 a nonexempt purpose which is minimal in scope and insubstantial in
19 nature shall not result in the loss of exemption if such use is incidental to
20 the purpose of providing humanitarian services by the corporation; (f) the
21 corporation is exempt from federal income taxation pursuant to section
22 501(c)(3) of the internal revenue code of 1986 and; (g) contributions to
23 the corporation are deductible under the Kansas income tax act. As used
24 in this clause, "humanitarian services" means the conduct of activities
25 which substantially and predominantly meet a demonstrated community
26 need and which improve the physical, mental, social, cultural or spiritual
27 welfare of others or the relief, comfort or assistance of persons in distress
28 or any combination thereof including, but not limited to, health and
29 recreation services, child care, individual and family counseling,
30 employment and training programs for handicapped persons and meals or
31 feeding programs. *Provided, however, that no corporation organized*
32 *not-for-profit under the law of the state of Kansas or any other state shall*
33 *be deemed to provide "humanitarian services" as that term is defined in*
34 *this paragraph if such corporation receives more than 40% of its*
35 *revenues from the sale of memberships or program services that would be*
36 *subject to state or local sales tax if those memberships or program*
37 *services were sold by a corporation that is subject to property or ad*
38 *valorem taxes under the laws of the state of Kansas.* Notwithstanding any
39 other provision of this clause, motor vehicles shall not be exempt
40 hereunder unless such vehicles are exclusively used for the purposes
41 described therein, except that the use of any such vehicle for the purpose
42 of participating in a coordinated transit district in accordance with the
43 provisions of K.S.A. 75-5032 through 75-5037, and amendments thereto,

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

3 *Tenth.* For all taxable years commencing after December 31, 1986,
4 any building, and the land upon which such building is located to the
5 extent necessary for the accommodation of such building, owned by a
6 church or nonprofit religious society or order which is exempt from
7 federal income taxation pursuant to section 501(c)(3) of the federal
8 internal revenue code of 1986, and actually and regularly occupied and
9 used 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 For purposes of this section, "renewable energy resources or
18 technologies" shall include wind, solar, photovoltaic, biomass,
19 hydropower, geothermal and landfill gas resources or technologies.

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

24 The provisions of this section, except as otherwise more specifically
25 provided, shall apply to all taxable years commencing after December 31,
26 ~~2009~~ 2010.

27 Sec. 2. K.S.A. 2010 Supp. 79-201 is hereby repealed.

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

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