

Approved On: _____

Minutes of the House Committee on Assessment and Taxation. The meeting was called to order by E. C. Rolfs, Chairman, at 9:00 a.m. on February 26, 1986 in room 519 South at the Capitol of the State of Kansas.

All members of the Committee were present.

Committee staff present:

Tom Severn, Legislative Research
Melinda Hanson, Legislative Research
Don Hayward, Reviser of Statutes
Millie Foose, Committee Secretary

HB-2643, an act relating to natural gas, concerning certain contract provisions for the sale thereof, was considered by the committee. Representative Fry moved, second by Representative Erne, that HB-2643 be reported favorably. Representative Lowther made a substitute motion, second by Representative Fox, to amend the language in section 3 to clarify the intent of the bill that the pass through was negotiable. The motion failed and the original motion passed.

HB-2642, an act imposing an excise tax upon the severance and production of hydrogen, was considered. Representative Leach moved, second by Representative Moomaw, that HB-2642 be reported favorably. Representative Crowell moved, second by Representative Wagnon, that there be a ten-year exemption. The motion carried. Representative Ott said that he believes this taxation of hydrogen was premature. Representative Ott moved, second by Representative Jarchow, that the bill be tabled. The motion lost. Representative Wagnon moved, second by Representative Crowell, that HB-2642 as amended be passed. The motion carried.

HB-2641, an act relating to local retailers' sales and compensating use taxes, concerning the taxation of certain motor vehicles thereunder, was considered. Representative Lowther moved, second by Representative Erne, that HB-2641 be passed favorably. Representative Leach made a substitute motion, second by Representative Fry, that it take effect January 1, 1987. The motion lost. Representative Vancrum moved, second by Representative Spaniol, to amend and have dealers collect the sales taxes and remit them to the proper county authorities. The motion carried. Representative Leach moved, second by Representative Schmidt, to pass the bill favorably as amended. Representative Ott moved, second by Representative Erne, that the taxes collected by the dealers be paid directly to the state instead of to the counties. The motion carried. Representative Vancrum said he believes this would be a burden for the Department of Revenue. Representative Leach moved, second by Representative Erne, that HB-2641 as amended be passed favorably. The motion carried.

The meeting recessed at 8:30 a.m. so the room could be used for Calendar Review. The Assessment & Taxation Committee resumed their hearing at 9:00 a.m. Chairman Rolfs had a previous commitment, so Representative Lowther was chairman.

Dr. Severn presented HB-2644 an act relating to property taxation; concerning exemptions therefrom for special care housing. He said the qualification for exemption for "not for profit" is shown in lines 66 and 67 of the bill.

Marilee Larson, representing Kansas Association of Rehabilitation Facilities, of Newton, testified as a proponent for HB-2644. (Attachment 1)

Dennis Beitz, Executive Director of Breakthrough House, testified in support of HB-2694, HB-2695, and SB-450. (Attachment 2)

Willie Martin, representing Sedgwick County Board of Commissioners, testified as a proponent for HB-2644, HB-2694, and HB-2695. (Attachment 3)

Representative Joan Wagon testified in support of maintaining the property tax exemption for charitable non-profit agencies, and asked that the committee consider favorably HB-2694 and HB-2695. (Attachment 4)

Elizabeth Taylor, Legislative Consultant to Kansas Association for the Education of Young Children, testified in support of HB-2695. (Attachment 5)

Nancy Perry, representing United Way of Greater Topeka, gave a report on the effect of property taxation on United Way Agencies. She said that not-for-profits have been relieved of the tax burden because their mission ultimately is a saving to the taxpayer and the state. She asked that the committee support HB-2694 and 2695. (Attachment 6)

Betty Keim, representing United Community Services of Johnson County, testified as a proponent for SB-450, an act relating to property taxation; concerning property exempt therefrom. (Attachment 7)

Martha Carpenter, Director Children's Day Out Preschool, First Lutheran Church, Topeka, testified on behalf of the children of Kansas. She said that if churches with child care centers are placed on the tax rolls, it is the children and all of us ultimately will suffer. (Attachment 8)

Dr. Stan Wagstaff, Principal, Shawnee County Latch-Key Coalition, testified as a proponent of HB-2695. (Attachment 9)

Mike Stewart, Chairman of the Board of Northland Christian Church Day Care Center, testified as a proponent of HB-2695. (Attachment 10) He also submitted a list of names of over 800 fellow Kansans who do not want church property in the state of Kansas taxed because they provide day care services on their property.

Arthur Brand, President of Jewish Federation of Greater Kansas City, testified as a proponent for SB-450. (Attachment 11)


Gerry Ray, Intergovernmental Coordinator for Johnson County Board of Commissioners, testified as an opponent of all further exemptions to property tax and that the Johnson County Board opposes HB-2644, HB-2694, and HB-2695. (Attachment 12)

E. W. Rakestraw, Chairperson Legislative Committee, Mental Health Centers of Kansas, testified as a proponent for SB-450 and HB-2694. (Attachment 13)

Ruth Wilkin, representing thirteen Girl Scout Councils, spoke as a proponent for SB-450. She said it is to the advantage of all Kansans that the Girl Scouts allow other groups to use their facilities, but they cannot afford to provide heat, light, and janitorial services free of charge. (Attachment 14)

This concluded the public hearings on SB-450, HB-2694, and HB-2695.

There being no further business, the chairman adjourned the meeting.


Ed C. Rolfs, Chairman



Kansas Association of Rehabilitation Facilities

TownCenter Building 120 West Sixth, Suite 110
Newton, KS 67114 316-284-2330

TO: HOUSE ASSESSMENT AND TAXATION COMMITTEE

FROM: KANSAS ASSOCIATION OF REHABILITATION FACILITIES (KARF)

RE: H.B. 2644 - AN ACT RELATING TO PROPERTY TAXATION;
CONCERNING EXEMPTIONS THEREFROM FOR SPECIAL CARE
HOUSING

DATE: FEBRUARY 26, 1986

Exempt status for group housing for individuals who are mentally ill or retarded and other handicapped has not previously been included in K.S.A. 1985 Supp. 70-2011b therefore group housing has been treated differently from county to county, individual property to property. In most instances exempt status was usually granted because the other divisions of the agency have been exempt. If the property had previously been taxed, then in some cases county commissioners have referred the question regarding taxation to the Board of Tax Appeals for determination.

Recommendation

KARF recommends the passage of H.B. 2644 - An Act Relating to Property Taxation, Concerning Exemptions Therefrom For Special Care Housing.

Justification

- It would provide for consistent treatment of group housing for individuals who are mentally ill, retarded and other handicapped from county to county and property to property.
- The tax exempt status results in ^{reductions} to all program costs to the residents and the state.
- Tax exempt letters do not include residential programs in most instances so treatment of residential property has been determined county by county.

BREAKTHROUGH house



A SUPPORT PROGRAM FOR THE LONG TERM MENTALLY ILL

SERVICES

Administrative
Clubhouse
Emergency Aid
Transitional Employment
1335 SW Topeka Ave.
Topeka, KS 66612
(913) 232-6807

Apartment/Satellite
3003 Powell
Topeka, KS 66605
(913) 267-4023

Group Home
2880 Golden
Topeka, KS 66605
(913) 267-1163

February 26, 1986

TESTIMONY FOR HB 2694, HB 2695, and SB 450

BY

**DENNIS BEITZ, EXECUTIVE DIRECTOR
BREAKTHROUGH HOUSE, INC.**

Breakthrough House, Inc. is a non-profit organization that provides non-clinical services (housing, pre-vocational training, emergency aid assistance, and a psycho-social clubhouse) for over 500 long term mentally ill consumers each year. Approximately eighty percent (80%) of the individuals we serve are below the poverty level.

Like many social service organizations, we have a limited budget. The current property taxes are causing financial problems to the extent that program cuts may be necessary. Grants and funding sources are not available to pay property taxes.

We support HB 2694, HB 2695, and SB 450. Approval of these bills is a must in order to help insure Breakthrough House, Inc. and other similar agencies can continue to meet the needs of the long term mentally ill.

We request that terminology such as exclusively, benevolent, and charitable be applied towards agencies or organizations that provide human services for long term mentally ill on a partial reimbursement or actual expense basis. We also request the term "educational" be expanded to include programs and services that occur in group homes and apartments serving the long term mentally ill. We feel these requests are important as none of the current proposed legislation have sections that specifically relate to the long term mentally ill.

Breakthrough House, Inc. appreciates any consideration given to including the long term mentally ill in legislation that will remove property taxation from such programs.



Member Agency **United Way**
of Greater Topeka

Attachment 2

2-26-86
Hs. A&T

iliate of:
ity Mental Health Center



SEDGWICK COUNTY, KANSAS

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House Assessment and Taxation Committee
February 26, 1986
L.B. 2644
H.B. 2694
H.B. 2695

Testimony of Willie Martin
Sedgwick County, Kansas

Although the impact of the proposed legislation might appear to be insignificant in relation to the total assessed valuation of the County, current revenue problems and the heavy dependency upon the property tax make any impact significant to local government. Compounding the problems presented by this type of tax policy is the fact that tax lid and other levy limitations which local governments must observe will not allow for a shift of property tax burdens to other categories of property to make up for the lost valuation.

A more reasonable and fair approach to property tax policy is to provide for as broad a tax base as possible, resulting in lower rates for all categories. The result of pursuing the proposed type of tax policy will be a multitude of scattered exemptions, higher property tax rates for real estate, and reduced governmental services due to levy and tax lid limitations.

Should further exemptions be enacted, there must be provisions made for full replacement revenue sources or the result will be extreme cuts in local government services.

STATE OF KANSAS

JOAN WAGNON
REPRESENTATIVE, FIFTY FIFTH DISTRICT
1606 BOSWELL
TOPEKA, KANSAS 66604



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
MEMBER, ASSESSMENT AND TAXATION
JUDICIARY
LEGISLATIVE, JUDICIAL AND
CONGRESSIONAL APPORTIONMENT
PUBLIC HEALTH AND WELFARE

I appear today in support of maintaining the property tax exemption for charitable, non-profit agencies. Let me stress that these agencies are not asking for a new exemption, but to preserve the tax-exempt status they have historically enjoyed.

The following outline helped me understand the events that are causing local county appraisers to move aggressively to put this previously exempt property on the tax rolls.

- 1861 Kansas Constitution (Art. 11, Sec.1) is the foundation.
"All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes... shall be exempt..."
- 1909-
1969 Statutes contained provisions to exempt specifically by name many human service agencies, ie. YWCA, YMCA, Boy and Girl Scouts, Campfire, etc.
- 1969 "Charitable and benevolent" was being liberally interpreted by the courts and Board of Tax Appeals at that time. The Joint Committee on state Tax Structure (Hodge Commission) recommended removing these specific enumerations. Charitable groups testified they fell under the constitutional provisions of "charitable".
- 1973 Lutheran Home Care overruled previous cases and turned to a narrow definition of charity, denoting "gifts to the poor". At this point many agencies were in potentially a conflict with the definition, but exemptions continued to be granted by the Board of Tax Appeal.
- 1984 Discussion of Judge Buchele's opinion on parsonages called attention to the changed definition of charity. Note these actions by the Board of Tax Appeal.
- 11-16-83 Board granted property tax exemption to Jewish Family and Childrens Services, saying,
"Property should be exempted from ad valorem taxation for the reason that said property is being used exclusively for charitable and benevolent purposes, in that it is regularly and exclusively used by the applicant to foster and develop wholesome individual family life,

and families and family members in their personal relationships, and promote healthy personality development and satisfactory social functioning of family members; to promote the welfare of children, aged, and participation in education and training for social work."

1/2/85 But following the parsonage decision on 12/26/84 the Board reversed itself and denied the exemption, saying, "It is clear that the applicant provides these services free of charge to those unable to provide for themselves. However, it is also clear that the property of the applicant is used to provide services to those who not only could provide for themselves, but in fact pay a substantial fee for the services. This use of the property is not charitable purposes. Certainly, there is no exclusive use for charitable purposes."

I think this highlights the predicament most human service agencies find themselves in--our funders want us to give away only to the needy, but serve everyone on an ability-to-pay basis.

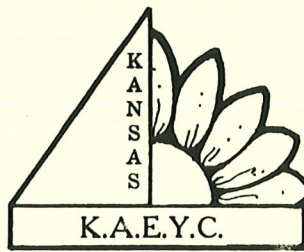
The Topeka YWCA has only one free (and therefore charitable) service--our battered women shelter. But all of our services promote the public good and meet a demonstrated community need in the human service field. Should our tax exemption be jeopardized because we serve everyone in the community, but have a fee structure that reflect's an individual's ability to pay?

In Topeka, 15 of 26 United Way agencies are vulnerable or already affected by these changes in interpretation. We argue that not only is continuing the exemption in the public's interest, but that the public response to continuing this is overwhelmingly favorable. Our Mayor stated yesterday that he supports statutory change to continue this tradition.

Another problem is surfacing with regard to church buildings which are being used for day care. The YWCA lost one of our Latch Key program sites because the appraiser will be trying to test the exemptions of churches, contending that day care is not an exclusive religious use. HB 2695 addresses this problem.

Please support HB 2694 to create a statutory exemption for human service agencies, and HB 2695 to allow churches to use their buildings for non-profit day care and preschools.

*Thank you
Jean Wagnon*



Kansas Association for the Education
of Young Children, Inc.

TO: HOUSE ASSESSMENT AND TAXATION COMMITTEE
FROM: Elizabeth E. Taylor, Legislative Consultant to KAEYC
DATE: February 26, 1986
RE: Support for HB 2695

The Kansas Association for the Education of Young Children is a state-wide organization of child care professionals including early childhood educators, preschool teachers, child care staff, and parents who are concerned with issues affecting children through age eight. KAEYC, with a membership of over 1100, is part of the NAEYC which represents over 40,000.

KAEYC supports HB 2695 as it would continue an age-long exemption for church facilities, even though they may house child care services.

Child care services are limited in availability for many Kansans who need such services in order to maintain employment. The non-profit child care centers within churches are often those which serve a large percentage of the AFDC and low-income children. AFDC mothers would be unable to work without this availability of services.

Recently, KAEYC asked its 1000 members to respond to a survey in which we asked what the effect of putting churches back on the tax rolls if they provide child care services. We received 118 responses to this survey. The results were:

- o 74 of the respondents have non-profit child care in churches;
- o 5740 children are served by these 74 facilities;
- o If placed on the tax rolls, these facilities would
 - o have to raise their fee to parents by a prohibitive amount, or
 - o close their facilities.

Non-profit child care facilities located in other historically tax-exempt properties are also affected. Of the 118 responses we received to the survey, 113 were non-profit. In addition to the 74 which are in churches, 39 others are located in properties such as hospitals and state-owned properties such as universities.

Kansas child care facilities which are located in churches are currently being given ultimatums by the church. The most common of these is the date for which the church expects the child care facility to no longer be operational within the church. This problem is of grave concern to those families who have children in care - 5740 children just in the facilities that responded to our survey. We estimate there are at least another 6000 to 8000 in the other 130 (approximate) churches which offer child care services.

It is on behalf of these children and families that KAEYC strongly supports the provisions of HB 2695. We further support amendments which would provide the tax exempt status for non-profit facilities which house non-profit child care services.

Thank you for your

Attachment 5

2-26-86
Hs. A&T



United Way
of Greater Topeka

REPORT ON THE EFFECT OF PROPERTY TAXATION
ON UNITED WAY AGENCIES

P.O. Box 4188
Topeka, Kansas 66604
Telephone 913 273 4804

INTRODUCTION

"All property receives protection from the State... This security and protection carry with them the corresponding obligation to support... It always requires pecuniary support. This is taxation... An exemption from taxation is a release from this obligation... and is justified and upheld upon the theory of peculiar benefits received by the State from the property exempted." 1

To levy real and personal property tax on the not-for-profit, charitable sector is a departure from the precedent our nation has set thus far during this century. The reasons for awarding exemptions from property tax have been obvious and logical. Not-for-profits have been relieved of the tax burden because their mission ultimately is a savings to the taxpayer and the State endeavoring to provide services.

The dilemma caused by strict interpretation of exclusive use and a definition of charitable as free of charge is that previously and historically tax exempt organizations which were rendering a "benefit to the State" have not changed in their mission and purpose. They still render a benefit to our state. The poor and disadvantaged among us are cared for by these organizations. However, since the time of the drafting of our State constitution in the mid 19th century the population of the State has grown from about 850,000 in 1879 to about 2.4 million today and the demands for services have changed with the changing expectations of our nation for the quality of life for its people.

According to agency information, some low to moderate income people participate in programs and services provided by not-for-profit charities. These people do not consider themselves "objects of charity" and do pay what they can toward the cost of the service they receive. This subsidy along with charitable contributions makes these services possible for others who cannot pay at all. Services of this nature include but are not limited to not-for-profit child care centers and preschools, mental health services, citizenship and character building services for youth, neighborhood centers for our youth and our aged, prevention and treatment programs for substance abusers and sheltered living and workshop programs for our handicapped. The benefits to Kansas from these programs range from employability for single parents to reduced crime rates among youth.

Other types of programs and services touch only one group in our society - those in need of shelter, food, clothing, the basic essentials for survival. There are no fees associated with these services, no blending of program participants. The benefit to Kansas is obvious and not in question in the Ad Valorem issue - unless such a program were housed in an exempt property whose exemption is not based on charity, e.g. church owned.

IMPACT

United Way has polled its member agencies to learn the real cost of property taxation to the programs and services they provide. Among 28 not-for-profit providers, seven have no fees associated with their services and/or own virtually no property. From the remaining twenty-one who blend their program participants and charge something to those who can pay and own property or are housed in a facility whose exemption may be jeopardized we learned the following:

Child Care Centers and Preschools

Five programs serving 290 children are housed in church owned properties, charge fees and are in jeopardy of being closed. All other child care programs projected elimination of service to poverty level families coupled with increased fees to low and moderate income families, to defray the cost of taxation. All centers project a potential reduction in service of 30%. Based on a survey conducted in January, 1986, by the Kansas Association for the Education of Young Children, at least 5,500 children are in child care or latchkey programs housed in churches and are at risk.

Mental Health Services

United Way agencies providing these services include free programs with fee generating programs to a blended client base. Taxation would increase the overall cost of providing service. Management would be forced to focus on fee generation to cover the increase at the expense of free services.

Four hundred ninety-five current participants of such programs would lose services. This total includes 70 single teen age mothers, 95 children under the age of five, 100 children and their families in counseling, and 230 frail elderly.

Citizenship and Character Building Services

All agencies providing such services currently carry a portion of their youth on "scholarship". These young people and their families are not charged for participation. All agencies forecast a reduction or elimination of scholarship participants and a likely increase in the cost of service to low and moderate income level participants, some of whom would no longer be able to share in the programs. The total number of youth who would likely be economically shut off from this service area is forecast at over 1,600, of whom approximately half are minority youth.

Sheltered Living and Workshop Programs

These programs are frequently recipients of State contracts for services. The fees charged reflect and parallel State fees for service. Program participants

are blended including some who can pay nothing and others who can afford the cost of service. A total of 14 places, 6 children and 8 adults, would be eliminated from service in the one agency reporting. There are several other not-for-profit non-United Way agencies operating facilities. The impact of elimination of property tax exemption on these organizations will be at least as serious.

Conclusion

The cost to the State of Kansas in diminished quality of life for Kansans, increased dependence on state assistance by our needy population and reduction of a broad range of valuable programs and services generally available seems to far outweigh the slight increase in the tax base generated by eliminating property tax exemptions for those agencies heretofore recognized for the benefits the State of Kansas was receiving and continues to receive by their work.

This report was based on a poll of only those agencies in Shawnee County receiving United Way dollars. The statewide impact of the loss of property tax exemption translated into loss of services can only be inferred here, and even in Shawnee County the potential impact would be greater than forecast in this document if all not-for-profits charging fees for service or delivering services in church owned facilities had been polled.

FOOTNOTE

1. Washburn College vs. Commissioners of Shawnee County
8 KAN. 344, 348-9.



United Community Services of Johnson County, Inc.
 5311 Johnson Drive, Mission, Kansas 66205
 913/432-8424

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Gina Pulliam
 Executive Director

TO : House Assessment & Taxation Committee
 DATE: February 26, 1986
 RE : SB 450

Betty Keim

My name is Betty Keim. I am a volunteer speaking for United Community Services of Johnson County and Wyandotte County United Way. We urge you to support Senate Bill 450.

Our organizations work closely with many community agencies who provide services for people in need in both Wyandotte and Johnson Counties. We are alarmed because several human service agencies which have not previously been assessed have been put on the property tax rolls. These organizations are losing tax exempt status because they are no longer considered charitable when:

- 1) they charge a fee
 - even if it is on an ability to pay basis, and
 - even though no one is denied service;
- 2) they rent space to another non-profit agency
 - even if that agency is exempt in its own right.

Seven agencies in Johnson County have combined personal property tax bills of \$1,670 because they charge fees on a sliding scale basis. In addition, two United Way agencies have been assessed real estate taxes for a total of \$17,667 annually. These are trifling amounts of income to the county. But, they have a significant impact on charitable organizations when the taxes must be paid from tight budgets that rely heavily on donations.



Planning Partner with Heart of America United Way

The new threat of taxes on non-profit social services presents an amazing contradiction. At a time when government must look more and more to the private sector to financially support unmet needs in social assistance, Kansas is collecting taxes from the very agencies which fill these needs, and for which volunteers must spend thousands of ~~dollars~~^{hours} fundraising.

The state should be providing incentives rather than tax disincentives. This is the time when we should be courting private contributions. We have alarming shortfalls in current federal and state programs that are designed to ensure essential human services. For instance, Kansas has 100,000 children living under the poverty level. The shocker is that ADC benefits go to only half of these youngsters. There is no way the state can meet all the needs of its citizens. It must rely on local private agencies. United Way donors expect their contributions to be used for services, not taxes. Furthermore, United Way asks its agencies to charge a fee to those clients who are able to pay, in order to stretch the dollars to cover the costs of serving indigent clients.

As volunteers, we see our work in the private sector as a partnership with government. We need to cooperate with each other in order to stretch the available resources. United Way agencies pick up meeting human needs where government leaves off.

By passing SB 450 we hope to stem what could be an epidemic of taxes on non-profit agencies who are already struggling with skimpy budgets and long waiting lists of clients.

Research in human development indicates that attitudes concerning human relationships and social and religious values are formed before children begin public school. These attitudes include how young children feel about themselves, their worth and value, and their uniqueness. Nurturing preschool children affects their development as children and their entire futures as adults.

Historically, much of the work of churches with children has focused on education. During the nation's colonial period, churches were major providers of and advocates for children's education. In periods of war and economic hardship, the church carried out ministries of benevolence with children and their families. Today churches continue to perceive different needs among children and families and to respond to these needs in different ways.

A church sponsored preschool program is concerned with the welfare of the total child. Children's developmental needs are physical, intellectual, emotional, social and religious; and the child's environment must be conducive to healthy growth in all these areas.

The most important benefit preschoolers can gain in religious education is a healthy self concept and a positive feeling of trust about God and others. A good feeling about one's self is considered a prerequisite to learning or a beginning point toward achieving whatever one is capable of becoming. The development of a sense of self is vital to growth.

I come to you today on behalf of the children of the state of Kansas. If churches with child care centers are placed on the tax rolls, I feel it is the children, and all of us ultimately, who will suffer. If the cost of quality child care becomes prohibitive or if centers are forced to close because of taxation parents will be forced to consider alternatives that may not offer the high quality we've come to expect from church-related child care.

In establishing a preschool or day care center, a congregation is saying that its building exists not for its own sake but rather as a facility for serving the larger community.

As director of Children's Day Out, a preschool at First Lutheran Church in Topeka, I know I am expected to maintain a commitment to quality care. Our church began the preschool as an extension of its Christian outreach and considers its growth not the mark of a successful business, but the mark of a successful ministry. As they do everywhere, our staff is demonstrating through our programs that children are to be loved and nurtured--A church sponsored preschool says that from the moment of birth God cares. The purpose is not to teach religion, rather the purpose is to live it.

The development of Christian faith is a lifelong process. It begins in a simple manner and is nurtured over time. An individual's mature understanding of love, faith, and God's promises rests on the day by day experiences that are had in the early years.

We share our faith with children:

1. as we help them see themselves as persons of worth
2. when we provide opportunities for children to make choices
3. as we help them become better stewards of God's creation
4. as we share our attitudes about others
5. as we provide opportunities for them to be involved with the natural world
6. as we provide opportunities to create
7. as we provide opportunities for them to be involved with many people
8. as we use language of faith in interpreting experience
9. as we admit there are things we do not know but are willing to trust God for
10. when we live out faith for them
11. as we offer hope when things go wrong

MEMORANDUM



TO: Members of House Assessment and
Taxation Committee

FROM: Dr. Stan Wagstaff, Principal
Member, Shawnee County Latch-Key Coalition

SUBJECT: House Bill 2695

Latch-Key (After School Programs) are a vital part of the health and welfare of students not only in Topeka but throughout the state. These programs fill a void in providing supervision for and care of, children that would otherwise be left unattended.

Through the efforts of churches and some schools, these children are being provided a program that gives each child a warm, caring and well supervised environment between the time of school dismissal and the end of their parents work day. These programs are run primarily through volunteer efforts with minimal monetary reimbursement from the children's parents. I know of no program within Shawnee County that is totally self-sustaining. Churches and schools provide the facility, utilities, snack and supervision at a cost far less than the actual expenses incurred. This in-kind service is one that probably will never be self-sustaining.

Schools cannot be seen as a viable long-term option to the problem. Constrains against the school district and its facilities include:

1. Extension to the child's school day
2. Facility availability i.e. adequate day care space
3. Licensing
4. Liability
5. Utility costs
6. Custodial services
7. Security
8. Transportation
9. Telephone access after school hours

Non-profit organizations, such as churches, remain an option that needs to be further expanded. This Latch-Key service should not be seen as a profit-making venture. It most certainly is not! Therefore, as non-profit organizations become involved in providing this service, the loss of their tax-exempt status should not be a penalty they incur in the process.

TESTIMONY ON HOUSE BILL 2695 CONCERNING DAY CARE CENTERS
BY MIKE STEWART, CHAIRMAN OF BOARD, NORTHLAND CHRISTIAN CHURCH DAY CARE CENTERS

Mr. Chairman, Members of the Committee:

My name is Mike Stewart, and I am the Chairman of the Board of Northland Christian Church Day Care Center. I submit to you today the names of over 800 fellow Kansans who clearly do NOT want church property in the great state of Kansas taxed because they provide day care services on their property.

The vast majority of day care service available to Kansans is provided by churches. It has long been my contention that if churches would become more involved in community services, then there would be less of a demand for government to provide those services. No one questions the need for day care in our current society where two incomes and working mothers have become normal. Recent court decisions and new policies of county tax offices will dictate that churches must either desist from providing day care services or be placed on the tax rolls.

It seems a shame to penalize the church for assuming responsibility that the public will demand of the government anyway. We of Northland Christian Church Day Care Center, along with many, many Kansans, urge you to support us by the favorable passage of House Bill 2659.

45

Testimony of Arthur Brand, President of Jewish Federation
of Greater Kansas City
Kansas Senate Tax and Assessment Committee
February 5, 1986

My name is Arthur Brand, President of the Jewish Federation of Greater Kansas City. The Jewish Federation is the central fund-raising and planning body of the Greater Kansas City Jewish community, the members of which predominantly reside in Johnson County, Kansas. Among the local agencies served by the Jewish Federation are the Jewish Community Center, the Jewish Community Relations Bureau, Jewish Education Council, the Jewish Family and Children Service, Shalom Geriatric Center, Jewish Vocational Service, Hyman Brand Hebrew Academy and Menorah Medical Center. The Jewish Community Foundation of Greater Kansas City is an affiliate of the Jewish Federation.

The Jewish Federation is grateful for your concern over the problems that Senate Bill 450 attempts to address. Without any change in the present law, the trend in the interpretation of current law by local assessors and the Kansas Board of Tax Appeals could have a severe impact on the entire structure of Jewish charitable institutions in the Kansas City area.

We are in the process of planning a new 200,000+ square foot Campus which will house all or part of each of the agencies affiliated with the Jewish Federation. Many of those agencies would for the first time move from Missouri, where they did not pay taxes, to Kansas. It is contemplated that the Campus will be owned and operated by a new charitable organization, the Jewish Community Campus of Greater Kansas City, Inc. That corporation will lease out space to the

other Federation affiliated agencies. The Campus concept allows the local Jewish agencies to operate collectively with increased efficiency and will reduce overall costs, thereby allowing a greater percentage of each charitable dollar to be used for charitable purposes.

Without the passage of this Bill, we are concerned that the Campus project could be placed in jeopardy. This issue is of immediate concern to us. We learned yesterday that the Johnson County Assessor denied tax exempt status to the Jewish Community Foundation which is temporarily holding title to the property upon which the Campus will be built. He cited the Lutheran Homes case as one of his reasons for the denial.

We are very concerned that the Bill does not go far enough in protecting the tax exempt status of Kansas charitable organizations, many of which are fearful of the ramifications of the Lutheran Homes case. The Bill does not directly address the situation where the fees are charged for services, nor does it define how to calculate the actual expense of using property for charitable purposes. The lack of language to address the issue of fees for services could affect not-for-profit organizations which offer a wide variety of services such as counseling, catering services by churches and synagogues, tutoring, athletic and recreational lessons for children, medical supervision for the elderly, day care, membership fees to the Y.M.C.A. and Jewish Community Center and other important

services traditionally offered by charitable organizations. We believe that the intent of this Bill was to insure that these ordinary services are not discontinued or do not lead to the revocation of the tax exempt status of the charitable organizations offering them.

Throughout the history of American and British common law since 1601, charitable organizations have been exempt from taxation. We urge the passage of a revised form of Senate Bill 450 to insure the continuity of this basic tenent of our legal heritage. Our institutions do not want to see their charitable dollars, which are needed so urgently to provide necessary services, used to pay property taxes. We hope that you carefully scrutinize the language of the Bill and alter it to insure that the bill will eliminate all of the problems caused by the Lutheran Homes case and its legacy.

Thank you.



HOUSE ASSESSMENT AND TAXATION COMMITTEE
HEARING ON HOUSE BILLS 2644, 2694 2695 & SENATE BILL 400
FEBRUARY 26, 1986
TESTIMONY OF GERRY RAY, INTERGOVERNMENTAL COORDINATOR
JOHNSON COUNTY BOARD OF COMMISSIONERS

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE MY NAME IS GERRY, REPRESENTING THE JOHNSON COUNTY BOARD OF COMMISSIONERS.

JOHNSON COUNTY HAS REPEATEDLY OPPOSED ALL FURTHER EXEMPTIONS TO PROPERTY TAX. CONSISTANT WITH THAT POSITION THE BOARD OPPOSES HOUSE BILLS 2644, 2694 and 2695. IN DEFERENCE TO THE COMMITTEE'S TIME I WILL NOT MAKE FOUR PRESENTATIONS TODAY, BUT WILL BE PLEASED TO PROVIDE INFORMATION REQUESTED BY THE COMMITTEE MEMBERS ON THE INDIVIDUAL BILLS.

AS THE NUMBER OF TAX EXEMPTION BILLS CONTINUES TO INCREASE, THE CONCERN OF LOCAL OFFICIALS INCREASES. REDUCTION OF THE LOCAL TAX BASE ONLY CREATES A HARDSHIP FOR THE OWNERS OF THOSE PROPERTIES THAT REMAIN ON THE TAX ROLLS. THE COMMITTEE IS ASKED TO CONSIDER THE WELFARE OF ALL CITIZENS NOT JUST SPECIAL GROUPS AND THAT THE LOCAL TAX BASE NOT BE DIMINISHED FURTHER BY PASSAGE OF THESE BILLS.



Association of Community

Mental Health Centers of Kansas

820 Quincy, Suite 416/Topeka, Kansas 66612/913 234-4773

Paul M. Klotz, Executive Director

RE: TESTIMONY in support of SB 450 and HB 2694

TO: House Committee on Assessment and Taxation

DATE: February 26, 1986

The Association of Community Mental Health Centers of Kansas represents 31 licensed agencies that serve the citizens of all 105 Kansas counties.

The majority of the centers are private, non-profit corporations that provide a variety of professional mental health services. The services are provided on a sliding scale basis that charges one based on one's ability to pay.

The Association supports both SB450 and HB2694.

We are unsure that SB450 provides exempt status for us because of such terms as "regularly", "exclusively", and "charitable" contained in it. The operational definition of these terms remain unknown in how they might be applied.

We request that lines 22 through 34 of HB2694 be amended into SB450 as a seventh subsection.

We believe this addition is necessary to more clearly cover the many human services agencies such as the community mental health centers.

E. W. (Dub) Rakestraw
Chairperson, Legislative Committee

EWR:cwh

Larry W. Nikkel
President

Dwight Young

Paul Thomas

Clinton D. Willsie
Past President

Michael L. Taylor
Treasurer

Attachment 13

2-26-86
Hs. A&T

Erriet Griffith
Mem. at Large

February 26, 1986

Mr. Chairman and Members of the Committee:

I am Ruth Wilkin, representing the thirteen Girl Scout Councils who serve girls and adults in every county in the state of Kansas, and I am speaking in support of SB 450.

We are most concerned about the use of our properties and campsites and being able to maintain our exempt property status. All councils have buildings and/or campsites which are used for Girl Scout educational programs, trainings, meetings, and camping. At certain times, when these facilities are not being used by Girl Scouts, we want to be able to offer them to other not-for-profit groups for their use.

We believe it is to the advantage of all Kansans that we allow other groups to use our facilities, rather than that they buy their own, but we cannot afford to provide heat, light and janitorial service free of charge.

SB 450 allows our councils to charge for expenses only if facilities are rented to other tax-exempt organizations. With this bill we will know the ground rules for allowing our facilities to be used and still remain tax-exempt. Without this bill, it would appear our tax exemption is subject to the decision of the appraiser and the Board of Tax Appeals. We hope you will approve SB 450.