

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation

The meeting was called to order by Senator Fred A. Kerr at
Chairperson

11:00 a.m. ~~XXX~~ on Wednesday, February 5, 1986 in room 519-S of the Capitol.

All members were present except:
Senator Jim Allen (Excused)
Senator Bob Frey (Excused)

Committee staff present:
Tom Severn, Research Department
Melinda Hanson, Research Department
Don Hayward, Revisor's Office
LaVonne Mumert, Secretary to the Committee

Conferees appearing before the committee:
Senator Gus Bogina
Gerry Ray, Johnson County Commission
John Blythe, Kansas Farm Bureau
Bev Bradley, Kansas Association of Counties
Fred Weaver, Board of Tax Appeals
Chip Wheelen, Kansas Legislative Policy Group
Senator Bud Burke
Jim Lowe, United Community Services of Johnson County
Kathie Champlin, United Community Services of Johnson County
Arthur Brand, Jewish Federation of Greater Kansas City
Karen McGuigan, Girl Scout Councils
Elizabeth Taylor, Kansas Association of Education of Young Children
Verna Roberts, Greater Topeka United Way
Representative Joan Wagnon
Joel Goldman, Jewish Family & Children Service of Greater Kansas City

Senator Hayden moved that the minutes of the February 4, 1986 meeting be approved. Senator Mulich seconded the motion, and the motion carried.

S.B. 462 - Appointment of advisory hearing panels to hear taxpayer appeals from valuations obtained from program of statewide reappraisal

Senator Gus Bogina explained that the bill would provide that county boards would have the authority to appoint advisory hearing panels to consider appeals after reappraisal. He noted that it would be discretionary with each county. Senator Bogina suggested that the bill be amended to provide that one or more panels may be established.

Gerry Ray testified in support of the bill (Attachment 1). She pointed out that the members of the panels are required to have experience in appraisal.

John Blythe testified that Farm Bureau would support the designation of hearing panels with expertise in the appraisal of agricultural land for appeals on ag land. They also encourage that the advisory committees which may be appointed by a county appraiser be utilized for the proposed hearing panels. (Attachment 2)

Bev Bradley spoke in favor of the bill (Attachment 3).

Fred Weaver suggested that the Property Valuation Division be authorized to establish some guidelines with regard to the hearing panels.

Chip Wheelen testified in support of the bill.

S.B. 450 - Property tax exemption used for more than one exempt purpose

Senator Bud Burke explained that problems have arisen in Johnson County in instances of one tax-exempt charitable organization leasing space from another tax-exempt charitable organization resulting in a denial of tax exemption.

CONTINUATION SHEET

MINUTES OF THE Senate COMMITTEE ON Assessment and Taxation,
room 519-S, Statehouse, at 11:00 a.m. ~~pm~~ on February 5, 1986.

Jim Lowe urged that the bill be passed (Attachment 4). He described the problem not-for-profit organizations are facing of being placed on the taxroll because of the definition of "exclusive use". He expressed concern that the bill "may not go far enough" with regard to including services that an organization may provide.

Kathie Champlin testified in favor of the bill (Attachment 5).

Arthur Brand described a proposed campus which will house agencies affiliated with the Jewish Federation and their concern that this campus may be placed on the taxroll. He talked about situations where fees are charged for services (Attachment 6).

Karen McGuigan described her concern about renting facilities to other charitable groups and urged that the bill be passed (Attachment 7).

Elizabeth Taylor testified in support of the bill. She advised that many daycare facilities which are housed in churches and other tax-exempt buildings are having to close because those tax-exempt groups can no longer rent their facilities without losing their exemption.

Verna Roberts said that they are very alarmed by the trend to tax traditionally exempt groups and the considerable impact this has.

Representative Joan Wagnon spoke in favor of the bill (Attachment 8). She detailed the history of exempt property. She stressed that the exemption being discussed is not a new exemption, but the bill would preserve these traditional exemptions. Representative Wagnon said that 15 out of 26 United Way agencies in Topeka are in jeopardy and that some 4,500 children in daycare facilities would be affected. She described two bills: H.B. 2694 which defines exclusive use to include daycare centers and H.B. 2695 which would create a new exemption for property used predominantly for providing human services.

Joel Goldman spoke in support of the bill. He discussed the Lutheran Homes case and feels that it should not be applied to instances where a sliding scale is charged for services.

Meeting adjourned.

ASSESSMENT AND TAXATION

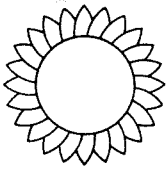
OBSERVERS
(PLEASE PRINT)

DATE	NAME	ADDRESS	REPRESENTING
2/5/86	Joel Goldman	9519 Cedar Dr Ks	Jewish Family Children
	ARTHUR BRAND	412 W 56 ST K.C.Mo	JEWISH FEDERATION OF GREATER K.C.
	Richard Slutzky	12932 W. 105 th Terr. OPKS	JEWISH FEDERATION OF GREATER KANSAS CITY
	Glene Burris	403 S. Mechanics Compton	Register of Deeds County of Jay, Mo
	Ricky Lopez	" "	Deputy Register
	Bill Young	Westphalia Kansas	Co. Comm. An. Co.
	Glendora Young	Westphalia, Kansas	Wife Co. Council
	Walter E. Howarter	Welda Ks.	Anderson Co. Council
	Edward E. Schuyler	Belpre Ks	
	Maryann Schuyler	Belpre Ks	Council. Edward Co
	Zelma Steens	Kensley, Ks.	Edward Co. Council
	Mrs Arthur D. Stebe	Kensley Ks	
	Arthur D. Stebe	Kensley Ks	Edward Co. Council
	Karen M. Jula	1195 SW Buchanan Topeka, Ks.	Topeka Day Care Assoc.
	Edward B. Jula	Topeka, Ks.	Central Congregational Church U.C.C.
	J MARK HIXON	GREAT BEND Ks	BARTON COUNTY
	Katherine Champlin	Jo. Co.	United Way
	Jim Lowe	JOHNSON COUNTY	UNITED COMMUNITY SERVICES
	Anna Pulliam	Johnson Co	United Comm. Serv. Co.
	Shirley Shuff-Gard	Wyandotte County	Girl Scouts
	Elizabeth C. Taylor	Topeka	Ka Assoc for the Education of Young Child
	Barbara Jean Stearns	Topeka	Council of Churches &
	Beth Wilkin	Topeka	Girl Scouts
	Marcia A. Bailey	Lawrence	Girl Scouts
	Karen M'Guigan	Wichita	Girl Scouts
	Vienna Roberts	Topeka	United Way
	Chanda Robinson	Lincoln Co	Appraiser
	John Island	Harpa County	Appraiser
	Jack Montgomery	Gov - Policy	Topeka

ASSESSMENT AND TAXATION

OBSERVERS
(PLEASE PRINT)

DATE	NAME	ADDRESS	REPRESENTING
2/5/86	John P. Bennett	O.P.	BOTA
"	KEITH FERRAR	Topoka	BOTA
	Fred Weaver	"	"
	Jim M. Baird	Topoka	W. Prigater from
	VEC MILLER	"	PRD
"	Lorita Class	"	United Way
"	Joe McClure	Comm.	Walawasee
"	Ruth J. Dewdney	"	Gray County
"	Alan Flinders	COMM	Walawasee
"	DUANE MUETING	BAILEYVILLE	NEMAH CO.
	Karen Keem	KC	Wen Langworthy



SENATE ASSESSMENT AND TAXATION COMMITTEE

HEARING ON SENATE BILL NO. 462

FEBRUARY 5, 1985

TESTIMONY OF GERRY RAY, INTERGOVERNMENTAL COORDINATOR
JOHNSON COUNTY BOARD OF COMMISSIONERS

MR. CHAIRMAN, MEMBERS OF THE COMMITTEE MY NAME IS GERRY RAY REPRESENTING THE JOHNSON COUNTY BOARD OF COMMISSIONERS. THE PROPOSED LEGISLATION IN SB 462 WAS REQUESTED BY THE COMMISSIONERS IN THE 1986 JOHNSON COUNTY LEGISLATIVE PACKAGE AND I APPEAR TODAY IN SUPPORT OF ITS PASSAGE.

SENATE BILL 462 GIVES THE BOARD OF COUNTY COMMISSIONERS THE OPTION TO APPOINT AN ADVISORY HEARING PANEL TO HEAR APPEALS TO PROPERTY VALUATIONS RESULTING FROM THE STATEWIDE REAPPRAISAL. THE ADVISORY PANEL WILL THEN PRESENT ITS RECOMMENDATIONS TO THE COUNTY BOARD FOR FINAL DETERMINATION.

IN THE REAPPRAISAL PROCESS THIS CONCEPT IS ADVANTAGEOUS TO BOTH THE TAXPAYERS AND THE COMMISSIONERS. FOR EXAMPLE, IN JOHNSON COUNTY THERE ARE APPROXIMATELY 130,000 PARCELS OF PROPERTY. IF ONLY 5% OF THE VALUATIONS ARE APPEALED IT WILL PRODUCE 6,500. FOR THE COMMISSIONERS TO HANDLE A VOLUME SUCH AS THIS WITH REASONABLE EXPEDIENCY THEY NEED ASSISTANCE. A FURTHER BENEFIT ADVISORY PANELS PROVIDE IS THE EXPERTISE OF THE MEMBERS IN THE AREA OF PROPERTY APPRAISAL AND VALUATION, ENSURING EQUITABLE AND ADEQUATE REVIEW OF THE APPEALS.

ALTHOUGH NOT ALL COUNTIES WILL NEED OR WANT TO APPOINT AN ADVISORY PANEL, THIS LEGISLATION PROVIDES A MECHANISM BY WHICH EACH COUNTY CAN MAKE THE DECISION BASED ON INDIVIDUAL CIRCUMSTANCES. THE JOHNSON COUNTY COMMISSIONERS BELIEVE SB 462 WILL ASSIST THEM IN CARRYING OUT REAPPRAISAL IN A TIMELY MANNER AND ASK THAT THE COMMITTEE REPORT IT FAVORABLY FOR PASSAGE.

Attachment 1

Kansas Farm Bureau



PUBLIC POLICY STATEMENT

Statement to:
SENATE COMMITTEE ON ASSESSMENT AND TAXATION
Senator Fred Kerr, Chairman

RE: Senate Bill 462
Topeka, Kansas
February 5, 1986

Presented by:
John K. Blythe, Assistant Director
Public Affairs Division
KANSAS FARM BUREAU

Mr. Chairman and Members of the Committee:

We appear before you today for comments on S.B. 462.

In reading the amendment to K.S.A. 79-1602 we might assume that the county appraiser (we now have qualified and certified appraisers in all counties) are going to do a poor job of appraising property in an equitable manner and that there will be many appeals. But we are realistic enough to know that even if the appraisal was equitable and perfect there no doubt will be many appeals.

If we would restrict the Advisory Hearing Panel to the consideration of appeals of residential, commercial and industrial property, we would have no objection to the proposed amendment. If they were to consider appeals in the appraisal of agricultural property we would want to be sure that the Advisory Hearing Panel was knowledgeable in the procedure of use-value appraisal.

As you know, K.S.A. 79-1412a (h) currently provides that: "If the county or district appraiser deems it advisable, such

appraiser may appoint one or more advisory committees of not less than five persons, representatives of the various economic interests and geographic areas of the county to assist in establishing unit land values, unit values for structures, productivity, classification for agricultural lands, adjustments for location factors, and generally to advise on assessment procedures and methods."

If the county appraiser would take advantage of his opportunity to appoint advisory committees, he could have a "trained" group from which an "Advisory Hearing Panel" could be selected.

Thank you Mr. Chairman and Members of the Committee.

Kansas Association of Counties

Serving Kansas Counties

Suite D, 112 West Seventh Street, Topeka, Kansas 66603

Phone 913 233-2271

February 5, 1986

Senator Fred Kerr
Senate Assessment and Taxation Committee

Re: Senate Bill 462

I am Bev Bradley, Legislative Coordinator, Kansas Association of Counties. I appreciate the opportunity to appear before you today in support of SB-462.

Although this bill was requested by Johnson County the concept was approved by the Resolutions Committee at the annual meeting of the Kansas Association of Counties in November and it was added to our platform.

We have heard that we may expect 3-5% of the cases to be appealed at the county level even after the informal hearings. Therefore, it seems appropriate especially in more densely populated counties to allow the county board to appoint an advisory hearing panel composed of persons having experience in the field to help expedite the procedure.

We would ask your favorable consideration of this bill.

Thank you very much.

A. WHAT IS UNITED COMMUNITY SERVICES OF JOHNSON COUNTY?

UCS of Johnson County is a not-for-profit organization holding an exemption under Section 501(C)(3) of the Internal Revenue Code. It is an affiliate of United Way and one of more than 3,500 United Way organizations. The primary purpose of United Community Services is to provide the volunteer leadership and resources necessary for bringing together the citizens of Johnson County in a productive community-wide effort to plan, support, deliver and monitor human service programs that are sensitive to the changing social needs of all people in our community.

B. WHY IS UCS SUPPORTING SB450?

Social service agencies funded by United Way contributions which have for years been tax-exempt have only recently been added to the ad valorem tax rolls in Johnson County. UCS has identified nine not-for-profit agencies providing a variety of charitable and social welfare programs which are suddenly faced with using their donated dollars to pay the tax collector. The nine agencies which have been added to the tax rolls and the 1984 tax bill are as follows:

1. Family and Children's Services of Kansas City, Inc.
(founded in 1880). Johnson County Office. \$ 158.54
2. Jewish Family and Children's Services.
3. Mental Health Association of Johnson County.
4. Jewish Community Center of Greater Kansas City. \$ 7,930.91
5. The Salvation Army Community Center of Olathe. \$10,227.61
6. The Salvation Army Thrift Store of Olathe.
7. Visiting Nurses Association of Greater Kansas
City. \$ 228.70

- 8. Services for Seniors of Johnson County. \$ 240.08
- 9. Temporary Lodging for Children in Johnson County \$ 30.00

C. WHERE IS THE PROBLEM OCCURRING?

The Johnson County Tax Appraiser is without question a leader in his profession. He sees it as his responsibility to place every possible parcel of real estate and every item of personal property on the tax rolls. The Johnson County Appraiser has adopted a policy of denying exemption in every case where exemption is applied for, requiring the not-for-profit agency to appeal to the Board of Tax Appeals. The Board of Tax Appeals has adopted a very narrow definition of the pertinent language used in both the Constitution and the Kansas Statutes. We are concerned that unless language similar to that in SB450 is adopted, other not-for-profit social service agencies will find themselves paying taxes with charitably donated dollars.

D. WHY SB450 OR SIMILAR LANGUAGE SHOULD BE ADOPTED.

We believe that all the parties concerned including the Board of Tax Appeals and the Johnson County Appraiser desire to see the work of social service not-for-profit agencies continued in our communities. Working together we should be able to find acceptable language to accomplish the purpose which is to permit those agencies which have long been providing needed social service in our communities to remain exempt from ad valorem tax.

The writers of our Constitution and our tax laws obviously intended to encourage organizations which provide the identified services by granting tax exempt status. The nature of charity over

the years has changed just as every other facet in our society has changed. In order to keep the doors open, virtually every charitable organization looks to many sources for funding. A charitable organization may receive donations from individuals, corporations, foundations, as well as the United Way. To help offset overhead expense, the charitable organization might charge a program fee to those who can afford to pay. Although no individual is profiting from this practice, it permits the charitable organization to provide a large number of disadvantaged people a wider range of social services to meet human needs. United Ways have encouraged this practice.

E. POSSIBLE IMPROVEMENTS IN THE LANGUAGE OF SB450.

Needless to say, those of us who have watched this problem develop during the past year are very pleased that the Committee on Assessment and Taxation has proposed this amendment. There is a concern that the present language does not go far enough. Specifically, the language seems to read that the permissible "partial reimbursement" is limited to payment for part of the "actual expense of using property" for the exempt purpose. This "using property" wording might be construed as referring only to such items of "expense" as payment for heating, light, water, janitorial services, etc., or to an actual rent-type payment.

We would hope that language could be drafted so that providing of services for a fee on the physical premises of the exempt organization would not destroy the exemption; such as, a fee for counselling or a fee for day care. In other words, the present language appears

to apply only to the "expense of using property" but not to the charging of a fee to partially defray the cost of the services provided.

We are very much encouraged by the introduction of SB450 and we will thank you for your support of it.



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 : Senate Assessment & Taxation Committee

DATE: February 5, 1986

I'm Kathie Champlin representing United Community Services of Johnson County. I'm also speaking for Wyandotte County United Way. I'm a volunteer and chairman of a special legislative task force. We urge you to support SB 450.

We have become increasingly aware that several human service agencies which had not previously been assessed have been put on the property tax rolls. These organizations are no longer considered charitable and are losing tax exempt status 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.

We have heard from seven agencies in Johnson County whose combined personal property tax bills come to \$1,670 because they charge fees on a sliding scale. In addition, two United Way organizations 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.

With the threat of new taxes on non-profit social service agencies, we have an amazing contradiction. At a time when we must look more and more to the private sector to financially



support unmet needs in social assistance, we are taxing the hand that feeds us.

This is the time when we should be courting private contributions. We have alarming short-falls in current federal and state programs 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. The state should be providing incentives. United Way donors expect their contributions to be used for services, not taxes. Furthermore, United Way asks its agencies to charge a fee to clients able to pay in order to stretch the dollars to cover the costs of serving indigent clients.

Government serves the people; but government doesn't pay taxes. United Way also serves the people; but we can't tax. Volunteers must spend thousands of hours fund-raising, and these are hard dollars to raise.

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

By passing SB 450 we hope to stem what could be an epidemic of taxes on non-profit agencies that are already struggling with skimpy budgets.

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.

TESTIMONY FOR SB450

Chairman Kerr and members of the Committee on Assessment and Taxation:

I am Karen McGuigan, Executive Director of the Wichita Area Girl Scout Council, and am here today to speak in favor of Senate Bill 450. I am representing the thirteen Girl Scout Councils who serve girls and adults in every county in the state of Kansas.

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 find we are really facing a dilemma. On one hand, we can best serve the total community if we, as a community based organization, offer our facilities to other groups for some of their programs. It keeps them from having to purchase and maintain similar facilities. For example, yesterday, the Leukemia Society called me to see about using one of our campsites for a summer camping program for their youngsters who have cancer. Those kids talk with their classmates who tell them of their wonderful camping experiences and they want to go to camp too. Because of their age and disabilities they need a special camping program and cannot attend a regular camp. I really want to help. I want those kids whose lives may be very short to experience the joy of summer camp. The Leukemia Society certainly cannot afford to buy an entire campsite for a two week program. So naturally they come to us. But here's the problem. If we let them use our site, and recover a portion of our expenses for that use, we jeopardize our property exemption. On the other hand, we cannot afford to open the campsites up to everyone who wants to use them without at least a partial reimbursement. Camps are an expensive operation and our funds are limited as well, especially in these days of funding cuts and shrinking resources.

Girl Scout Councils are dependent on schools, churches and other community facilities to hold troop meetings and council wide activities. We ask and are willing to pay a small fee for the facilities owned by other religious, educational, and charitable groups.

What I am trying to express to you is that we need each other -- we need to work together to provide the best possible social services to the people of our communities at the least possible cost. We can do this if we can share facilities and charge that small fee to recover expenses which are primarily utilities.

Girl Scouts are not looking to make a lot of money, but simply a reimbursement of expenses. We don't want to refuse the use of campsites and buildings to other groups, especially when we depend so heavily on other community agencies -- but we cannot risk losing our property exemption.

I am asking today that you vote in favor of this bill and help us solve our problem of "renting" our facilities and help us provide better services to the people of our state.

KDM:ga

WAGSC 2/86

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 APPOINTMENT
 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. Please examine HB 2694 and HB2695 and consider including these concepts in SB 450 to insure that this aspect is covered.

*Thank you
Jude Wagnon*

HOUSE BILL No. 2694

By Committee on Assessment and Taxation

I-16

0016 AN ACT relating to property taxation; exempting therefrom
0017 certain property used for the providing of human services.

0018 *Be it enacted by the Legislature of the State of Kansas:*

0019 Section 1. The following described property, to the extent
0020 herein specified, shall be and is hereby exempt from all property
0021 or ad valorem taxes levied under the laws of the state of Kansas:

0022 All real property and tangible personal property actually and
0023 regularly used predominantly for the purpose of providing
0024 human services which is operated by a corporation organized not
0025 for profit under the laws of the state of Kansas or by a corporation
0026 organized not for profit under the laws of another state and duly
0027 admitted to engage in business in this state as a foreign not-for-
0028 profit corporation, if the directors of such corporation serve
0029 voluntarily and contributions to such corporation are deductible
0030 under the Kansas income tax act. As used in this section: "Pre-
0031 dominantly" means at least 90% of the time, and "human ser-
0032 vices" means work performed that contributes to and meets a
0033 demonstrated need in the fields of health, welfare and charac-
0034 ter-building of others.

0035 The provisions of this section shall apply to all taxable years
0036 commencing after December 31, 1985.

0037 Sec. 2. This act shall take effect and be in force from and
0038 after its publication in the statute book.

HOUSE BILL No. 2695

By Committee on Assessment and Taxation

1-16

0016 AN ACT relating to property taxation; concerning the exemption
0017 therefrom of certain property used for religious purposes;
0018 amending K.S.A. 1985 Supp. 79-201 and repealing the existing
0019 section.

0020 *Be it enacted by the Legislature of the State of Kansas:*

0021 Section 1. K.S.A. 1985 Supp. 79-201 is hereby amended to
0022 read as follows: 79-201. The following described property, to the
0023 extent herein specified, shall be and is hereby exempt from all
0024 property or ad valorem taxes levied under the laws of the state of
0025 Kansas:

0026 *First.* All buildings used exclusively as places of public wor-
0027 ship and all buildings used exclusively by school districts orga-
0028 nized under the laws of this state, with the furniture and books
0029 therein contained and used exclusively for the accommodation of
0030 religious meetings or school district purposes, whichever is
0031 applicable, together with the grounds owned thereby if not
0032 leased or otherwise used for the realization of profit, except that:
0033 (a) Any school building, or portion thereof, together with the
0034 grounds upon which the building is located, shall be considered
0035 to be used exclusively by the school district for the purposes of
0036 this section when leased by the school district to any other
0037 political or taxing subdivision of the state or to any association,
0038 organization or nonprofit corporation entitled to tax exemption
0039 with respect to such property, and (b) any building, or portion
0040 thereof used as a place of worship, together with the grounds
0041 upon which the building is located shall be considered to be
0042 used exclusively for the religious purposes of this section when
0043 used as a day care center for children which is licensed pursuant
0044 to K.S.A. 65-501 et seq., and amendments thereto.

0045 *Second.* All real property, and all tangible personal property,
0046 actually and regularly used exclusively for literary, educational,
0047 scientific, religious, benevolent or charitable purposes. This
0048 exemption shall not apply to such property, not actually used or
0049 occupied for the purposes set forth herein, nor to such property
0050 held or used as an investment even though the income or rentals
0051 received therefrom is used wholly for such literary, educational,
0052 scientific, religious, benevolent or charitable purposes.

0053 *Third.* All moneys and credits belonging exclusively to uni-
0054 versities, colleges, academies or other public schools of any kind,
0055 or to religious, literary, scientific or benevolent and charitable
0056 institutions or associations, appropriated solely to sustain such
0057 institutions or associations, not exceeding in amount or in in-
0058 come arising therefrom the limit prescribed by the charter of
0059 such institution or association.

0060 *Fourth.* The reserve or emergency funds of fraternal benefit
0061 societies authorized to do business under the laws of the state of
0062 Kansas.

0063 *Fifth.* All buildings of private nonprofit universities or col-
0064 leges which are owned and operated by such universities and
0065 colleges as student union buildings and student dormitories.

0066 *Sixth.* All real and tangible personal property actually and
0067 regularly used exclusively by the alumni association associated
0068 by its articles of incorporation with any public or nonprofit
0069 Kansas college or university approved by the Kansas board of
0070 regents to confer academic degrees or with any community
0071 college approved by its board of trustees to grant certificates of
0072 completion of courses or curriculum, to provide accommodations
0073 and services to such college or university or to the alumni, staff
0074 or faculty thereof.

0075 The provisions of this section shall apply to all taxable years
0076 commencing after December 31, ~~1983~~ 1985.

0077 Sec. 2. K.S.A. 1985 Supp. 79-201 is hereby repealed.

0078 Sec. 3. This act shall take effect and be in force from and
0079 after its publication in the statute book.