

Approved: 2-21-00
Date

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson Senator Audrey Langworthy at 11:10 a.m. on February 16, 2000, in Room 519-S of the Capitol.

All members were present except:

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor of Statutes Office
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: Senator Dick Bond
Charles Yunker, Adjutant, American Legion
Don Schnacke
Jack Quinlan
Sandy Jacquot, League of Kansas Municipalities

Others attending: See attached list.

The minutes of the February 14, 2000, meeting were approved.

SB 613—Income taxation; providing check-off for the contributions to the national World War II memorial fund

Senator Dick Bond testified in support of **SB 613**. He noted that the bill arose from a request that Kansas citizens participate in the funding of the World War II memorial program in Washington, D.C., which is being chaired by former Senator Bob Dole. Senator Bond informed the Committee that the State of Kansas has already contributed \$10,000 towards the memorial. He noted that there is another proposal that would take money from the State General Fund over a two or three year period; however, in his opinion, removing money from the State General Fund to send to Washington for a memorial is not appropriate at this time when the State General Fund is already over-obligated. With the passage of **SB 613**, removal of money from the State General Fund would be avoided. Senator Bond said he had discussed the voluntary contribution approach in **SB 613** with Senator Dole. Senator Dole felt the approach was appropriate and felt that the state would be surprised at the interest it would generate.

Senator Bond explained that **SB 613** provides that a contribution to the memorial fund can be included as a check-off on the state individual income tax return form for the tax years 2000 and 2001. He clarified that there is no limit on the amount that can be contributed to the fund and that a contribution can be claimed as a charitable contribution. He is confident that veterans' groups will promote participation and that there will be good results.

Charles Yunker, American Legion Adjutant, testified in support of **SB 613**, noting that it would provide every Kansas taxpayer the opportunity to contribute to the construction of the national World War II memorial. He pointed out that the memorial will honor veterans and non-veterans alike from a generation who pulled together for the survival of our free nation. (Attachment 1)

Don Schnacke, a World War II veteran, followed with further testimony in support of **SB 613**. Mr. Schnacke noted that he and two of his brothers served in the U.S. Marines. He quoted the purpose of the World War II memorial which he recently found on the Internet. He noted that, to date, the World War II Society has raised \$70 million of their goal of \$100 million and that the bill broadens Kansans' opportunity to contribute. (Attachment 2)

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE
Room 519-S, Statehouse, at 11:10 a.m. on February 16, 2000.

Former Senator Jack Quinlan gave final testimony in support of **SB 613**. Mr. Quinlan reminded the Committee that, although the World War II Memorial Building is being built to honor those who served in the military forces, the war was actually fought on three fronts—in Europe, the Pacific Asia area, and on the home front. He believes this memorial should be a part of the history of the millions who participated in the home front as well as the front lines. He emphasized that those at home made huge sacrifices in their standard of living and kept the military forces supplied with the necessities to fight the war. (Attachment 3) Upon conclusion of his testimony, the hearing on **SB 613** was closed after brief committee comments.

Senator Bond moved to report **SB 613** as favorable for passage, seconded by Senator Steineger. The motion carried.

SB 499—Unpaid property taxes; relating to the judicial foreclosure and sale of real estate

Sandy Jacquot, League of Kansas Municipalities, testified in support of **SB 499**. She explained that the bill would add a new section to K.S.A. 79-2801, allowing cities to initiate judicial tax foreclosure actions. The proposed change would allow cities to sell property within the city limits three years after it first becomes eligible for sale if the county has not initiated a foreclosure action. She noted that in some communities the county has not held a tax sale for 10 to 20 years. The reason for the proposed change is to allow cities to get property back on the tax roll when the county has not initiated a foreclosure action. Ms. Jacquot informed the Committee that the League goes through a lengthy policy setting process each year, and the governing body and membership of the entire League voted to make this issue a legislative priority. (Attachment 4)

Ms. Jacquot informed the Committee that Delores Dalke, the Mayor of Hillsboro, who scheduled to testify in support of **SB 499**, was unable to attend the meeting. Mayor Dalke asked her to inform the Committee that the county in which Hillsboro is located has not held a tax sale for a number of years. Hillsboro has one particular property that has five years delinquent taxes amounting to \$180,000. With passage of the bill, the City of Hillsboro will be given the opportunity to file a judicial tax foreclosure on that property and get it back on the tax rolls. Ms. Jacquot noted that filing an action to foreclose does not always mean the property is sold at a tax sale. Many times, the action merely compels the owner of the property to pay the taxes. She emphasized that the intent of the bill is not to punish counties but to allow a means for cities to get property back on the tax roles. She said the bill has no impact on counties and that her understanding is that the Kansas Association of Counties is not in opposition to the bill. With this, the hearing on **SB 499** was closed.

Senator Langworthy turned the Committee's attention to a previously heard bill, **SB 428**, which concerns exempting motor vehicles used by not-for-profit entities in coordinated transit districts from property taxation. She called upon Don Hayward, Revisor of Statutes Office, to explain a proposed amendment. Mr. Hayward explained that the proposed amendment would strike lines 13 through 21 in **SB 428** and would amend existing law as shown on pages 5 and 6 of the amendment. The amendment provides an exception to the exclusive use requirement with regard to vehicles which are used in coordinated transit districts. (Attachment 5)

Senator Hardenburger moved to amend **SB 428** as suggested, seconded by Senator Praeger. The motion carried.

Senator Lee moved to report **SB 428** as amended as favorable for passage, seconded by Senator Hardenburger. The motion carried.

The meeting was adjourned at 11:50 a.m.

The next meeting is scheduled for February 17, 2000.

SENATE ASSESSMENT AND TAXATION COMMITTEE
ROOM 519S
SENATE BILL 613

Thank you for providing me this opportunity to testify in favor of Senate Bill 613 which will provide every Kansas taxpayer the means to contribute to the construction of this nation's National World War II Memorial in Washington, D.C. My name is Charles M. Yunker and I am the Adjutant for The American Legion Department of Kansas.

In the late nineteen seventies and early eighties \$3.1 million in private donations was raised to construct the National Vietnam Veterans Memorial in Washington, D.C. In the nineteen eighties and nineties even more was raised to build the National Korean War Memorial in Washington; again with private donations.

Last year the State of Kansas donated ten thousand dollars of tax revenue to the National World War II Memorial along with a similar amount to the National Women Veterans Memorial. Somewhere a goal of one dollar per World War II veteran per state was established and many states have made such donations with tax funds. I understand two similar bills have been introduced during this session of the Kansas Legislature and if funds are available I commend the authors and co-sponsors of those bills.

There may be a few Kansans who are not familiar with the effort to build a National Memorial honoring the World War II generation. And that is whom the Memorial will honor; veterans and non-veterans

*Senate Assessment & Taxation
2-16-00
Attachment 1*

alike; an entire generation who pulled together for the very survival of our free nation.

While most Kansans are aware of the efforts to build the Memorial, I can not help but believe the majority of those same citizens have made mental notes to make a contribution, but for whatever reason have forgotten to do so. Senate Bill 613 will not only remind citizens of the need to build a Memorial to honor the World War II generation, it will also provide immediate means to make a first time contribution, or to supplement an earlier donation.

Additionally Senate Bill 613 will provide citizens of our State the opportunity and freedom to make as large or small donation to memorialize those who preserved our individual freedoms during World War II. Again thank you for providing me this opportunity to speak to you today in support of Senate Bill 613.

DONALD P. SCHNACKE, P.A.

ATTORNEY AT LAW

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Testimony of Donald P. Schnacke

RE: SB 613 February 16, 2000

I am Don Schnacke of Topeka. I am appearing in favor of the passage of SB 613, which would allow Kansans, in the next two years, to make a contribution to the World War II memorial to be built on the Mall in Washington, D.C.

I am a veteran of World War II. I joined the U.S. Marines late in the war for the duration of World War II and six months. Two older brothers of mine preceded me in the U.S. Marines.

As of July 1, 1999, there were 241,300 living Kansas veterans of all wars; 56,400 of them are World War II veterans. Historically there were 212,000 Kansans that participated in World War II, or 31.1% over the age of 15. 4,295 were killed; 7,957 were wounded. Quite a sacrifice for freedom!

There has been a lot written about the memorial. Our own Senator Bob Dole is Co-Chair of this effort. The purpose of the World War II memorial is:

“The World War II Memorial will be the first national memorial dedicated to all who served in the armed forces and Merchant Marine of the United States during World War II and acknowledging the commitment and achievement of the entire nation. All military veterans of the war, the citizens on the home front, the nation at large, and the high moral purpose and idealism that motivated the nation’s call to arms will be honored.

Senate Assessment & Taxation
2-16-00
Attachment 2

Symbols of the defining event of the 20th century in American history, the memorial will be a monument to the spirit, sacrifice, and commitment of the American people, to the common defense of the nation and to the broader causes of peace and freedom from tyranny throughout the world. It will inspire future generations of Americans, deepening their appreciation of what the World War II generation accomplished in securing freedom and democracy. Above all, the memorial will stand for all time as an important symbol of American national unity, a timeless reminder of the moral strength and awesome power that can flow when a free people are at once united and bonded together in a common and just cause.”

When I first heard of this effort I became of Charter member. I have made further contributions since - as I believe in this effort. So far, the World War II Society has raised \$70 million of their goal of \$100 million. Financial support has come in from corporations, foundations, veterans groups, states, and individual Americans. Several well known Kansas businesses have contributed.

I'm pleased to know the State of Kansas has contributed a modest amount. I belong to two veterans groups that have contributed - the First Marine Division Association and the Marine Corps League.

Gifts are tax deductible and giving Kansans over the next two years broadens the opportunity to contribute.

I commend the 27 Senators who sponsored SB 613 and I urge that this Committee pass the bill out and work for its enactment during this Session.

WORLD WAR II MEMORIAL CAMPAIGN

*We are pleased to recognize major contributions, pledges and commitments from
the following state donors supporting the nationwide campaign*

Leadership Gifts of \$1 Million - \$2 Million

State of Pennsylvania

State of New York

State of California

Humanitarian Gifts of \$750,000 - \$999,999

State of Texas

Patron Gifts of \$500,000 - \$749,999

State of New Jersey

State of Ohio

State of Michigan

Victor Gifts of \$250,000 - \$499,999

State of Wisconsin

State of Minnesota

State of Tennessee

State of Indiana

State of Iowa

Centurion Gifts of \$100,000 - \$249,999

State of Mississippi

State of Colorado

State of Connecticut

State of Maine

State of Oregon

Guardian Gifts of \$50,000 - \$99,999

State of Nebraska

State of South Dakota

State of Utah

State of Montana

State of New Hampshire

Defenders Gifts of \$10,000 - \$24,900

State of West Virginia

State of Kansas

State of Arkansas

State of North Dakota

1/28/00

BEFORE THE SENATE ASSESSMENT AND TAXATION
COMMITTEE OF THE KANSAS STATE SENATE
RE: SENATE BILL 613

I have been asked by the President of the Senate to appear and give some testimony in regards to Senate Bill 613.

There were well over 15 million men and women in our Armed Forces during World War II. These men and women are today dying at the rate of 1,000 per day--so that we all soon will be gone. The World War II Memorial Building, it is said, is being built to honor those who served in the military forces during World War II, I would remind you that the war was fought actually on three fronts. It was fought in Europe, fought in the Pacific Asia area and on the home front. This memorial should be a part of the history of those millions who participated in the home front as well as the front lines. After all, those at home made huge sacrifices. Their standard of living and way of life was abruptly interrupted and because of age or physical problems, they were not eligible to serve in the military forces. They are the ones who worked in the factories building the tanks, the planes and the armored vehicles, the ships at the shipyard, and so forth. Many were fathers and mothers with gold stars for sons, daughters, grandsons and granddaughters who made the supreme sacrifice. Those on the home front sacrificed, as they were subjected to rationing such things as sugar, coffee, gasoline, etc. Gasoline, of course, was to be used for the war machine; and, in fact, to even run the generators so we would have lights in our tents in the jungles of New Guinea.

-1-

*Senate Assessment & Taxation
2-16-00
Attachment 3*

While it is very appropriate to recognize those of us who served in the military, it is likewise appropriate that this memorial be a part of our history also recognizing those who fought on the home front. It has been said that it took 25 to 30 men and women to keep a soldier at the front, or to keep a plane flying, or battleship afloat.

In short, I consider such a memorial to be more than a memorial for those who served in the military forces only, but likewise, all those who fought on the home front to keep us supplied with the necessities to fight this war. The logistics, and you can well imagine, of everything needed by our military forces is difficult to comprehend.

In closing, I think we were not there to win a war, but rather we were there to end a war. So, again, I consider this memorial as a part of the history of this great country of ours, and I believe that a nation that neglects or forgets its history has no future. It goes without saying that we learn from history.

I am pleased to appear before this Committee and give you these few thoughts, and were I still in the Senate, I would consider it an honor to carry this Bill on the floor of the Senate when you have resolved yourself into the Committee of a whole for debate. I believe it entirely appropriate to pass this legislation.

If I can answer any questions, I would be glad to try to do so.

Thank you.

Jack A. Quinlan
Scott, Quinlan & Hecht



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League of Kansas Municipalities

TO: Senate Committee on Assessment and Taxation
FROM: Sandra Jacquot
DATE: February 16, 2000
RE: Support for SB 499

Thank you for letting me appear before this committee in support of SB 499. This bill proposes to add a new section to K.S.A. 79-2801 allowing cities to initiate judicial tax foreclosure actions in certain situations. Under the current law, the responsibility for selling properties with delinquent taxes lies with the board of county commissioners through its county attorney or county counselor. A property's eligibility for sale depends upon the type of property. Homesteads may be sold if three or more years delinquent, abandoned property if one or more years delinquent and all other property if two or more years delinquent. The proposed change would allow cities to sell property within the city limits under this act three years after it first becomes eligible for sale if the county has not initiated a foreclosure action. Thus, a property could be four, five or six years delinquent, depending on the type, before the city would be authorized to sell the property.

The League goes through a lengthy policy setting process each year and this bill is the result of a vote by the governing body and membership of the entire League to make this issue a legislative priority. The reason for the proposed change is to allow cities to get property back on the tax roll when the county has not initiated a foreclosure action. In some smaller communities, the county may not have held a sale for ten or fifteen years. These particular sales are complicated and cumbersome and there may be a variety of reasons why the county has not conducted a sale. The proposed change does not punish counties for not selling the property, but merely allows cities so inclined to stand in the shoes of the county and conduct a judicial tax foreclosure. In counties that routinely hold tax sales, it is unlikely that any city will want to undertake the work and expense of conducting its own tax sale. Further, this addition does not place duties on any public official that was not already statutory. Finally, this amendment does not alter the distribution of taxes collected or proceeds from the sale in any way. In short, we believe that adding the option for cities to conduct a judicial tax foreclosure sale is good public policy.

Senate Assessment & Taxation

www.ink.org/public/kmin

2-16-00

Attachment 4

PROPOSED AMENDMENT TO SB 428

By striking all in lines 13 through 21 and inserting the following:

"Section 1. K.S.A. 1999 Supp. 79-201 is hereby amended to read as follows: 79-201. The following described property, to the extent herein specified, shall be and is hereby exempt from all property or ad valorem taxes levied under the laws of the state of Kansas:

First. All buildings used exclusively as places of public worship and all buildings used exclusively by school districts and school district interlocal cooperatives organized under the laws of this state, with the furniture and books therein contained and used exclusively for the accommodation of religious meetings or for school district or school district interlocal cooperative purposes, whichever is applicable, together with the grounds owned thereby if not leased or otherwise used for the realization of profit, except that: (a) (1) Any school building, or portion thereof, together with the grounds upon which the building is located, shall be considered to be used exclusively by the school district for the purposes of this section when leased by the school district to any political or taxing subdivision of the state, including a school district interlocal cooperative, or to any association, organization or nonprofit corporation entitled to tax exemption with respect to such property; and (2) any school building, together with the grounds upon which the building is located, shall be considered to be used exclusively by a school district interlocal cooperative for the purposes of this section when being acquired pursuant to a lease-purchase agreement; and (b) any building, or portion thereof, used as a place of worship, together with the grounds upon which the building is located, shall be considered to be used exclusively for the religious purposes of this section when used as a not-for-profit day care center for children which is licensed pursuant to K.S.A. 65-501 et seq., and amendments thereto, or when used to house an area where the congregation of

Senate Assessment & Taxation

2-14-00

Attachment 5

a church society and others may purchase tracts, books and other items relating to the promulgation of the church society's religious doctrines.

Second. All real property, and all tangible personal property, actually and regularly used exclusively for literary, educational, scientific, religious, benevolent or charitable purposes, including property used exclusively for such purposes by more than one agency or organization for one or more of such exempt purposes. Except with regard to real property which is owned by a religious organization, is to be used exclusively for religious purposes and is not used for a nonexempt purpose prior to its exclusive use for religious purposes which property shall be deemed to be actually and regularly used exclusively for religious purposes for the purposes of this paragraph, this exemption shall not apply to such property, not actually used or occupied for the purposes set forth herein, nor to such property held or used as an investment even though the income or rentals received therefrom is used wholly for such literary, educational, scientific, religious, benevolent or charitable purposes. In the event any such property which has been exempted pursuant to the preceding sentence is not used for religious purposes prior to its conveyance which results in its use for nonreligious purposes, there shall be a recoupment of property taxes in an amount equal to the tax which would have been levied upon such property except for such exemption for all taxable years for which such exemption was in effect. Such recoupment tax shall become due and payable in such year as provided by K.S.A. 79-2004, and amendments thereto. A lien for such taxes shall attach to the real property subject to the same on November 1 in the year such taxes become due and all such taxes remaining due and unpaid after the date prescribed for the payment thereof shall be collected in the manner provided by law for the collection of delinquent taxes. Moneys collected from the recoupment tax hereunder shall be credited by the county treasurer to the several taxing subdivisions within which such

real property is located in the proportion that the total tangible property tax levies made in the preceding year for each such taxing subdivision bear to the total of all such levies made in that year by all such taxing subdivisions. Such moneys shall be credited to the general fund of the taxing subdivision or if such taxing subdivision is making no property tax levy for the support of a general fund such moneys may be credited to any other tangible property tax fund of general application of such subdivision. This exemption shall not be deemed inapplicable to property which would otherwise be exempt pursuant to this paragraph because an agency or organization: (a) Is reimbursed for the provision of services accomplishing the purposes enumerated in this paragraph based upon the ability to pay by the recipient of such services; or (b) is reimbursed for the actual expense of using such property for purposes enumerated in this paragraph; or (c) uses such property for a nonexempt purpose which is minimal in scope and insubstantial in nature if such use is incidental to the exempt purposes of this paragraph; or (d) charges a reasonable fee for admission to cultural or educational activities or permits the use of its property for such activities by a related agency or organization, if any such activity is in furtherance of the purposes of this paragraph.

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

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

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

student dormitories.

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

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

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

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

admitted to engage in business in this state as a foreign not-for-profit corporation if: (a) The directors of such corporation serve without pay for such services; (b) the corporation is operated in a manner which does not result in the accrual of distributable profits, realization of private gain resulting from the payment of compensation in excess of a reasonable allowance for salary or other compensation for services rendered or the realization of any other form of private gain; (c) no officer, director or member of such corporation has any pecuniary interest in the property for which exemption is claimed; (d) the corporation is organized for the purpose of providing humanitarian services; (e) the actual use of property for which an exemption is claimed must be substantially and predominantly related to the purpose of providing humanitarian services, except that, the use of such property for a nonexempt purpose which is minimal in scope and insubstantial in nature shall not result in the loss of exemption if such use is incidental to the purpose of providing humanitarian services by the corporation; (f) the corporation is exempt from federal income taxation pursuant to section 501(c)(3) of the internal revenue code of 1986 and; (g) contributions to the corporation are deductible under the Kansas income tax act. As used in this clause, "humanitarian services" means the conduct of activities which substantially and predominantly meet a demonstrated community need and which improve the physical, mental, social, cultural or spiritual welfare of others or the relief, comfort or assistance of persons in distress or any combination thereof including but not limited to health and recreation services, child care, individual and family counseling, employment and training programs for handicapped persons and meals or feeding programs. Notwithstanding any other provision of this clause, motor vehicles shall not be exempt hereunder unless such vehicles are exclusively used for the purposes described therein, except that the use of any such vehicle for the purpose of participating in a coordinated transit district in accordance with the

provisions of K.S.A. 75-5032 through 75-5037, and amendments thereto, or K.S.A. 75-5051 through 75-5058, and amendments thereto, shall be deemed as exclusive use.

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

Eleventh. For all taxable years commencing after December 31, 1998, all real property upon which is located facilities which utilize renewable energy resources or technologies for the purpose and as the primary means to produce and generate electricity and which is used predominantly for such purpose, to the extent necessary to accommodate such facilities, and all tangible personal property which comprises such facilities. For purposes of this section, "renewable energy resources or technologies" shall include wind, solar, thermal, photovoltaic, biomass, hydropower, geothermal and landfill gas resources or technologies. For purposes of valuation of property subject to valuation under K.S.A. 79-5a01 et seq., and amendments thereto, the value of the exempt property set forth in this clause shall be removed from the unit value prior to apportionment under K.S.A. 79-5a25, and amendments thereto.

The provisions of this section, except as otherwise more specifically provided, shall apply to all taxable years commencing after December 31, 1995.

Sec. 2. K.S.A. 1999 Supp. 79-201 is hereby repealed.";

By renumbering existing section 2 as section 3;

In the title, in line 10, before the period by inserting "; amending K.S.A. 1999 Supp. 79-201 and repealing the existing section"