

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairperson David Corbin at 11:35 a.m. on February 26, 2003, 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  
Gordon Self, Revisor of Statutes Office  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: None

Others attending: See attached list.

Senator Corbin opened the continued discussion of previously heard bill, **SB 161**, concerning eliminating the property tax exemption for certain housing for the elderly, by calling the Committee's attention to a balloon amendment dealing with detached living units as proposed at the February 25 meeting. (Attachment 1) As to the question raised regarding a definition of "roadways," he quoted K.S.A 8-1459, which defines "Roadway." Senator Emler stood to clarify the meaning of "contiguous" property. Facility property located directly across the street from the campus would be considered as part of the campus whether the street is owned by the facility or not, and all property continuously connected would also be considered as part of the campus. He went on to say that the proposed amendment does not resolve all issues; however, it keeps the bill alive so that it can be debated on the Senate floor or addressed in the House Taxation Committee. He noted that more time is needed to address the more complicated issue of finding a way to exempt a certain dollar amount for noncontiguous units and tax everything above that amount similar to the homestead exemption.

Senator Oleen cautioned that the bill should not be rushed to the floor without further study of the future implications of the amendment. She observed that the proposed amendment makes accommodation for the here and now, but not future policy.

Senator Lee commented that more and more elderly persons are choosing to move to not-for-profit living units, and development of for profit facilities has been hindered due to the property tax exemption allowed not-for-profit facilities. In her opinion, the proposed amendment does not adequately address the issue and will not necessarily stimulate more study; however, passing the bill out of committee with the original language would demand more discussion this year. In response, Senator Taddiken reported that two for profit facilities in his district are expanding.

Senator Oleen moved to report **SB 161** as favorable for passage, seconded by Senator Lee. The motion failed.

Senator Donovan moved to approve the minutes of the February 24, 2003, meeting, seconded by Senator Buhler. The motion carried.

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

The next meeting date will be announced.



1 to be operating at the lowest feasible cost. For all taxable years com-  
2 mencing after December 31, 1995, such property shall be deemed to be  
3 used exclusively for housing for elderly persons purposes when used as a  
4 not-for-profit day care center for children which is licensed pursuant to  
5 K.S.A. 65-501 *et seq.*, and amendments thereto.

6 ~~[The provisions of this subsection shall not apply to any taxable year~~  
7 ~~commencing after December 31, 2005.]~~

8 *Sixth.* All real property and tangible personal property actually and  
9 regularly used exclusively for the purpose of group housing of mentally  
10 ill or retarded and other handicapped persons which is operated by a  
11 corporation organized not for profit under the laws of the state of Kansas  
12 or by a corporation organized not for profit under the laws of another  
13 state and duly admitted to engage in business in this state as a foreign,  
14 not-for-profit corporation, in which charges to residents produce an  
15 amount which in the aggregate is less than the actual cost of operation of  
16 the housing facility or the services of which are provided to residents at  
17 the lowest feasible cost, taking into consideration such items as reasonable  
18 depreciation and interest on indebtedness and contributions to which are  
19 deductible under the Kansas income tax act, and which is licensed as a  
20 facility for the housing of mentally ill or retarded and other handicapped  
21 persons under the provisions of K.S.A. 75-3307b, and amendments  
22 thereto, or as a rooming or boarding house used as a facility for the  
23 housing of mentally retarded and other handicapped persons which is  
24 licensed as a lodging establishment under the provisions of K.S.A. 36-501  
25 *et seq.*, and amendments thereto.

26 The provisions of this section, except as otherwise specifically provided,  
27 shall apply to all taxable years commencing after December 31, 1998.

28 Sec. 3. K.S.A. 2002 Supp. 79-201 and 79-201b are hereby repealed.

29 Sec. 4. This act shall take effect and be in force from and after its  
30 publication in the statute book.

For taxable years commencing after December 31, 2003, the provisions of this section shall not apply to detached living units which are not located on the same contiguous property, excepting roadways as defined by K.S.A. 8-1459 and amendments thereto, as the main campus or facility of the corporation.

Senate Assessment & Taxation  
Attachment  
2-26-03