

## HOUSE BILL No. 2679

By Committee on Veterans, Military and Homeland Security

2-13

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1 AN ACT concerning property taxation; relating to exemptions, residences  
2 of disabled veterans; amending K.S.A. 2013 Supp. 79-201b and  
3 repealing the existing section.  
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5 *Be it enacted by the Legislature of the State of Kansas:*

6 New Section 1. It is the purpose of this act to promote the general  
7 welfare by encouraging public support of the armed forces of the United  
8 States and the Kansas national guard through enhancing the ability of  
9 persons who have served the public in the armed forces of the United  
10 States or the Kansas national guard and who have become 100% disabled  
11 as a result of their service to the public, or spouses of such persons, to  
12 remain in their residences and maintain financial independence. It is the  
13 further purpose of this act to promote the general welfare by encouraging  
14 public support of the armed forces of the United States and the Kansas  
15 national guard by reducing the need for 100% disabled veterans to reside  
16 in alternative housing facilities and thereby facilitate their presence as  
17 independent homeowners in the community. The legislature further finds  
18 that exempting residences of 100% disabled veterans from property  
19 taxation furthers a benevolent or charitable purpose in that it promotes  
20 utilization of the residences of 100% disabled veterans for housing by such  
21 disabled veterans and thereby facilitates quality living conditions for such  
22 disabled veterans that the legislature finds preferable, where possible, to  
23 the use of alternative housing facilities for such disabled veterans, and  
24 avoids the potential incurrence of additional costs associated with  
25 alternative housing facilities for such disabled veterans.

26 Sec. 2. K.S.A. 2013 Supp. 79-201b is hereby amended to read as  
27 follows: 79-201b. The following described property, to the extent herein  
28 specified, shall be and is hereby exempt from all property or ad valorem  
29 taxes levied under the laws of the state of Kansas:

30 *First.* All real property, and tangible personal property, actually and  
31 regularly used exclusively for hospital purposes by a hospital as the same  
32 is defined by K.S.A. 65-425, and amendments thereto, or a psychiatric  
33 hospital as the same was defined by K.S.A. 59-2902, and amendments  
34 thereto, as in effect on January 1, 1976, which hospital or psychiatric  
35 hospital is operated by a corporation organized not for profit under the  
36 laws of the state of Kansas or by a corporation organized not for profit

1 under the laws of another state and duly admitted to engage in business in  
2 this state as a foreign, not-for-profit corporation, or a public hospital  
3 authority; and all intangible property including moneys, notes and other  
4 evidences of debt, and the income therefrom, belonging exclusively to  
5 such a corporation and used exclusively for hospital, psychiatric hospital  
6 or public hospital authority purposes. This exemption shall not be deemed  
7 inapplicable to property which would otherwise be exempt pursuant to this  
8 paragraph because any such hospital, psychiatric hospital or public  
9 hospital authority: (a) Uses such property for a nonexempt purpose which  
10 is minimal in scope and insubstantial in nature if such use is incidental to  
11 the exempt purpose enumerated in this paragraph; or (b) is reimbursed for  
12 the actual expense of using such property for the exempt purposes  
13 enumerated in this paragraph or paragraph second of K.S.A. 79-201, and  
14 amendments thereto; or (c) permits the use of such property for the exempt  
15 purposes enumerated in this paragraph or paragraph second of K.S.A. 79-  
16 201, and amendments thereto, by more than one agency or organization for  
17 one or more of such purposes.

18 *Second.* All real property, and tangible personal property, actually and  
19 regularly used exclusively for adult care home purposes by an adult care  
20 home as the same is defined by K.S.A. 39-923, and amendments thereto,  
21 which is operated by a corporation organized not for profit under the laws  
22 of the state of Kansas or by a corporation organized not for profit under the  
23 laws of another state and duly admitted to engage in business in this state  
24 as a foreign, not-for-profit corporation, charges to residents for services of  
25 which produce an amount which in the aggregate is less than the actual  
26 cost of operation of the home or the services of which are provided to  
27 residents at the lowest feasible cost, taking into consideration such items  
28 as reasonable depreciation, interest on indebtedness, acquisition costs,  
29 interest and other expenses of financing acquisition costs, lease expenses  
30 and costs of services provided by a parent corporation at its costs and  
31 contributions to which are deductible under the Kansas income tax act; and  
32 all intangible property including moneys, notes and other evidences of  
33 debt, and the income therefrom, belonging exclusively to such corporation  
34 and used exclusively for adult care home purposes. For purposes of this  
35 paragraph and for all taxable years commencing after December 31, 1976,  
36 an adult care home which uses its property in a manner which is consistent  
37 with the federal internal revenue service ruling 72-124 issued pursuant to  
38 section 501(c)(3) of the federal internal revenue code, shall be deemed to  
39 be operating at the lowest feasible cost. The fact that real property or real  
40 or tangible personal property may be leased from a not-for-profit  
41 corporation, which is exempt from federal income taxation pursuant to  
42 section 501(c)(3) of the internal revenue code of 1986, and amendments  
43 thereto, and which is the parent corporation to the not-for-profit operator

1 of an adult care home, shall not be grounds to deny exemption or deny that  
2 such property is actually and regularly used exclusively for adult care  
3 home purposes by an adult care home, nor shall the terms of any such  
4 lease be grounds for any such denial. For all taxable years commencing  
5 after December 31, 1995, such property shall be deemed to be used  
6 exclusively for adult care home purposes when used as a not-for-profit day  
7 care center for children which is licensed pursuant to K.S.A. 65-501 et  
8 seq., and amendments thereto.

9 *Third.* All real property, and tangible personal property, actually and  
10 regularly used exclusively for private children's home purposes by a  
11 private children's home as the same is defined by K.S.A. 75-3329, and  
12 amendments thereto, which is operated by a corporation organized not for  
13 profit under the laws of the state of Kansas or by a corporation organized  
14 not for profit under the laws of another state and duly admitted to engage  
15 in business in this state as a foreign, not-for-profit corporation, charges to  
16 residents for services of which produce an amount which in the aggregate  
17 is less than the actual cost of operation of the home or the services of  
18 which are provided to residents at the lowest feasible cost, taking into  
19 consideration such items as reasonable depreciation and interest on  
20 indebtedness, and contributions to which are deductible under the Kansas  
21 income tax act; and all intangible property including moneys, notes and  
22 other evidences of debt, and the income therefrom, belonging exclusively  
23 to such a corporation and used exclusively for children's home purposes.

24 *Fourth.* All real property and tangible personal property, actually and  
25 regularly used exclusively for: (a) Housing for elderly and handicapped  
26 persons having a limited or lower income, or used exclusively for  
27 cooperative housing for persons having a limited or low income, assistance  
28 for the financing of which was received under 12 U.S.C.A. § 1701 et seq.,  
29 or under 42 U.S.C.A. § 1437 et seq., which is operated by a corporation  
30 organized not for profit under the laws of the state of Kansas or by a  
31 corporation organized not for profit under the laws of another state and  
32 duly admitted to engage in business in this state as a foreign, not-for-profit  
33 corporation; and (b) for all taxable years commencing after December 31,  
34 2006, temporary housing of 24 months or less for limited or low income,  
35 single-parent families in need of financial assistance who are enrolled in a  
36 program to receive life training skills, which is operated by a charitable or  
37 religious organization; and all intangible property including moneys, notes  
38 and other evidences of debt, and the income therefrom, belonging  
39 exclusively to such a corporation and used exclusively for the purposes of  
40 such housing. For the purposes of this subsection, cooperative housing  
41 means those not-for-profit cooperative housing projects operating or  
42 established pursuant to sections 236 or 221(d)(3), or both, of the national  
43 housing act and which have been approved as a cooperative housing

1 project pursuant to applicable federal housing administration and U.S.  
2 Department of Housing and Urban Development statutes, and rules and  
3 regulations, during such time as the use of such properties are: (1)  
4 Restricted pursuant to such act, or rules and regulations thereof; or (2)  
5 subject to affordability financing standards established pursuant to the  
6 national housing act during such time that such not-for-profit corporation  
7 has adopted articles of incorporation or by-laws, or both, requiring such  
8 corporation to continue to operate in compliance with the United States  
9 department of housing and urban development affordability income  
10 guidelines established pursuant to sections 236 or 221(d)(3) of the national  
11 housing act or rules and regulations thereof.

12 *Fifth.* All real property and tangible personal property, actually and  
13 regularly used exclusively for housing for elderly persons, which is  
14 operated by a corporation organized not for profit under the laws of the  
15 state of Kansas or by a corporation organized not for profit under the laws  
16 of another state and duly admitted to engage in business in this state as a  
17 foreign, not-for-profit corporation, in which charges to residents produce  
18 an amount which in the aggregate is less than the actual cost of operation  
19 of the housing facility or the services of which are provided to residents at  
20 the lowest feasible cost, taking into consideration such items as reasonable  
21 depreciation and interest on indebtedness and contributions to which are  
22 deductible under the Kansas income tax act; and all intangible property  
23 including moneys, notes and other evidences of debt, and the income  
24 therefrom, belonging exclusively to such corporation and used exclusively  
25 for the purpose of such housing. For purposes of this paragraph and for all  
26 taxable years commencing after December 31, 1976, an adult care home  
27 which uses its property in a manner which is consistent with the federal  
28 internal revenue service ruling 72-124 issued pursuant to section 501(c)(3)  
29 of the federal internal revenue code, shall be deemed to be operating at the  
30 lowest feasible cost. For all taxable years commencing after December 31,  
31 1995, such property shall be deemed to be used exclusively for housing for  
32 elderly persons purposes when used as a not-for-profit day care center for  
33 children which is licensed pursuant to K.S.A. 65-501 et seq., and  
34 amendments thereto.

35 *Sixth.* All real property and tangible personal property actually and  
36 regularly used exclusively for the purpose of group housing of mentally ill  
37 or retarded and other handicapped persons which is operated by a  
38 corporation organized not for profit under the laws of the state of Kansas  
39 or by a corporation organized not for profit under the laws of another state  
40 and duly admitted to engage in business in this state as a foreign, not-for-  
41 profit corporation, in which charges to residents produce an amount which  
42 in the aggregate is less than the actual cost of operation of the housing  
43 facility or the services of which are provided to residents at the lowest

1 feasible cost, taking into consideration such items as reasonable  
2 depreciation and interest on indebtedness and contributions to which are  
3 deductible under the Kansas income tax act, and which is licensed as a  
4 facility for the housing of mentally ill or retarded and other handicapped  
5 persons under the provisions of K.S.A. 75-3307b, and amendments  
6 thereto, or as a rooming or boarding house used as a facility for the  
7 housing of mentally retarded and other handicapped persons which is  
8 licensed as a lodging establishment under the provisions of K.S.A. 36-501  
9 et seq., and amendments thereto.

10 *Seventh. For all taxable years commencing after December 31, 2013,*  
11 *all real property actually and regularly occupied and used as the*  
12 *homestead residence of a 100% disabled veteran or spouse of a 100%*  
13 *disabled veteran. For purposes of this paragraph, "100% disabled*  
14 *veteran" means a person who has served in the armed forces of the United*  
15 *States or the Kansas national guard and who is entitled to compensation*  
16 *for a service-connected disability of 100% and the laws administered by*  
17 *the department of veterans affairs. "Homestead residence" means the*  
18 *dwelling, or any part thereof, owned and occupied as a residence by the*  
19 *100% disabled veteran or spouse of a 100% disabled veteran, and so*  
20 *much of the land surrounding it, as defined as a home site for ad valorem*  
21 *tax purposes, and may consist of a part of a multi-dwelling or multi-*  
22 *purpose building and a part of the land upon which it is built or a*  
23 *manufactured home or mobile home and the land upon which it is situated.*  
24 *Absences from the homestead residence due to hospitalization or*  
25 *convalescent care shall not constitute abandonment of the homestead*  
26 *residence. "Owned" includes a vendee in possession under a land*  
27 *contract, a life tenant, a beneficiary under a trust and one or more joint*  
28 *tenants or tenants in common.*

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

32 Sec. 3. K.S.A. 2013 Supp. 79-201b is hereby repealed.

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