Session of 2012

SENATE BILL No. 365

By Committee on Assessment and Taxation

AN ACT concerning property taxation; relating to exemptions; health clubs; amending K.S.A. 2011 Supp. 79-201 and repealing the existing section.

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

Section 1. K.S.A. 2011 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 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; or (e) is applying for an exemption pursuant to this paragraph for a motor vehicle that is being leased for a period of at least one year.

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; 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 property actually and regularly used predominantly to produce and generate electricity utilizing renewable energy resources or technologies. For purposes of this section, "renewable energy resources or technologies" shall include wind, solar, photovoltaic, biomass, hydropower, geothermal and landfill gas resources or technologies.

Twelfth. For all taxable years commencing after December 31, 2001, all personal property actually and regularly used predominantly to collect, refine or treat landfill gas or to transport landfill gas from a landfill to a transmission pipeline, and the landfill gas produced therefrom.

Thirteenth. For all taxable years commencing after December 31, 2012, all real property actually and regularly used predominantly for health club purposes by a health club. For the purposes of this section, "health club" means any corporation, partnership, unincorporated association or other business enterprise whose primary purpose is to offer facilities that contain cardio, weight training or strength conditioning equipment for the preservation, maintenance, encouragement or development of physical fitness in return for the payment of a fee entitling the buyer to the use of such facilities. A health club may have on its premises health spas, studios, tennis, racquet or basketball facilities, or swimming pools that offer programs that enhance the primary purpose of the health club as described in this section, but may not be facilities that are primarily weight control facilities, health spas, dance studios, martial arts or self-defense studios, tennis, racquet or basketball facilities, swimming pools, golf clubs or similar facilities which do not have the primary purpose as described in this section. For the purposes of this section, a health club will be considered owned and operated by the health club if the owners of the property to be exempted from taxation are the same entity, or are owned by the owners of the same entity that collects the payment of the fee entitling the purchaser to use the facility.

The provisions of this section, except as otherwise more specifically provided, shall apply to all taxable years commencing after December 31, 2009.

Sec. 2. K.S.A. 2011 Supp. 79-201 is hereby repealed.

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