

SESSION OF 2008

**SUPPLEMENTAL NOTE ON
SUBSTITUTE FOR SENATE BILL NO. 383**

As Recommended by Senate Committee on
Assessment and Taxation

Brief

Sub. for SB 383 would expand, retroactive to tax year 2005, a property tax exemption for certain property used for housing elderly, disabled, or low-income persons. While current law generally authorizes the exemption for property owned and operated by not-for-profit community housing development organizations, the bill also would authorize the exemption when the property is owned and operated by certain limited partnerships, limited liability companies, or corporations formed to develop low-income housing. Low-income housing would be specifically defined to mean "housing for persons with income at or below 80 percent of area median income."

To qualify for the exemption, the development organization also would be required to utilize certain federal income tax credits, the home investment partnership program, or other funding sources available for low-income housing. The sole general partner, sole managing member, or the corporation itself further would be required to be a not-for-profit organization recognized as "charitable" by the Internal Revenue Service.

Background

The original bill was requested for introduction and supported by Inter-Faith Ministries of Wichita. Representatives of that entity worked with the Revisor to produce the language in the substitute bill after concerns were expressed during

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

Committee discussion that the original bill could have expanded the exemption to a number of additional properties.

The State Board of Tax Appeals had previously denied exemption applications made by the Inter-Faith group. Proponents said that Sedgwick County had supported those exemption requests.

The fiscal note indicated that the state would incur an unknown fiscal note relative to the reduction in receipts to school district general funds and state building funds.