

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 2, 2005 in Room 519-S of the Capitol.

All members were present except:

Representative Lana Gordon- excused  
Representative Bruce Larkin- excused

Committee staff present:

Chris Courtwright, Legislative Research Department  
Martha Dorsey, Legislative Research Department  
Gordon Self, Revisor of Statutes  
Richard Cram, Department of Revenue  
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Morrison, Legislator  
Representative Huff, Legislator  
Allan Quigley, Executive Director, Johnson County Housing Coalition  
Carol Smith, United Community Services of Johnson County  
John Scott, Interfaith Housing Service, Hutchinson  
Randall Hrabe, NW Kansas Housing  
Brad Reiff, Kansas Housing Resources Corp.  
Lou Hangley, NEK-CAP (written testimony only)  
Delton Gilliland, Osage County Counselor (written testimony only)

Others attending:

See attached list.

The Chairman opened the floor for bill introductions.

Representative Morrison requested a bill introduction relating to a tax exemption for Dreams Work, Inc. Representative Huff made a motion that the bill be introduced. Representative Owen seconded the motion. The motion carried.

**HB 2082 - Property tax exemption for property owned by community housing development organizations.**

Staff stated that the bill is a property tax exemption that provides for property that is used for elderly persons, persons with disabilities, and persons with low income. Although there are many tax exemption laws for related housing, this particular property is not included under those exemptions. Community Housing Development Organizations (CHDOs) must meet four qualifying points: It must be a community housing organization that is not-for-profit. It must meet federal housing standards and provide low cost housing at or below fair market rent.

Representative Huff, a sponsor of the bill, stood to testify for **HB 2082**. He stated that this coalition provided non-profit housing and offers affordable housing to low income households such as the disabled, mentally impaired, elderly, persons with special needs and low income citizens (Attachment 1). Some nonprofit housing developers are already exempt, i.e. faith-based housing developers, and this organization should be treated the same.

Allan Quigley, Executive Director, Johnson County Housing Coalition rose in support of **HB 2082**. The CHDOs mission is to provide housing and housing assistance to homeless, low and very-low income households (Attachment 2). There are 26 CHDOs in Kansas. In addition to the direct relief to CHDOs, the dollar amount of taxes exempted would count as matching funds toward Federal Home Grants and other federal programs.

In response to questions, Mr. Quigley stated that each CHDO is a separate, private, non-profit organization and although each of their missions may vary, their overriding mission is to provide low income affordable housing. He described the process required to become a CHDO, and spoke of the compensation package for

## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 2, 2005 in Room 519-S of the Capitol.

management. He described various scenarios where people had been helped by their CHDOs program. The fiscal note is approximately \$162,000 in property taxes. The CHDOs programs were tax exempt until 2001, at which time the Board of Tax Appeals changed the exemption.

Carol Smith, United Community Services of Johnson County, appeared in support of **HB2082**. She stated that property taxes for CHDOs are a significant burden and hinder their ability to address the unique housing challenges they are intended to serve (Attachment 3). Her testimony included housing facts related to national and statewide trends.

Randall Hrabec, NW Kansas Housing, rose in support of **HB 2082**. He stated that with the tax exemption they would be able to keep the rent very low for their income qualified individuals while allowing the NW Kansas Housing to be a viable organization (Attachment 4). He spoke about cooperative community efforts that resulted in building two new single family homes in Lucas, Kansas.

John Scott, Interfaith Housing Service stated that **HB 2082** if passed would open up new opportunities for the development of truly affordable and accessible housing across Kansas, especially in the harder to develop areas (Attachment 5). They could lower rents to their clients, and improve the quality of life for a great many people.

Brad Reiff appeared in support of **HB 2082** on behalf of the HOME Investment Partnerships Program, the entity that distributes the HOME funds to CHDOs. HOME is the largest Federal block grant designed exclusively for the creation of affordable housing opportunities (Attachment 6).

Lou Hangle, representing The Northeast Kansas Community Action Program (NEK-CAP) provided written testimony that supported **HB 2082**. (Attachment 7)

The public hearing was closed on **HB 2082**.

### **HB 2022 - Award of attorney fees to taxpayer in certain appeals by the county of orders of the board of tax appeals.**

Staff stated that the bill would amend the statute relating to property tax valuation appeals that are at the Board of Tax Appeals. If the county wishes to appeal an order of the Board of Tax Appeals up to the next level, generally a District court, and the county loses at that level, the taxpayer may be awarded attorneys fees and costs occurred by the tax payer. The 2004 interim tax committee is a strong proponent of **HB 2022**, as stated in their interim report. The bill passed the house last session (**HB 2540**), however was left unworked by the conference committee at the conclusion of the 2004 session. The bill carries no fiscal note to the state's general fund, however the county would pay attorneys fees for taxpayer that prevailed at the district court level.

The Chairman opened the public hearing on **HB 2022**.

There being no conferees to speak to the bill it was noted that written testimony in opposition to **HB 2022** had been submitted by Delton M. Gilliland, Osage County Counselor & Administrator (Attachment 8).

The Chairman closed the hearing on **HB 2022**.

The Chairman stated that if time allowed the Kansas Housing Resource Corporation would be invited to present a briefing on housing policy to the Committee.

Representative Brunk made a motion to approve the January 21, 25, 26 & 27 minutes. Representative Thull seconded the motion. The motion carried.

The meeting was adjourned at 10:20 a.m. The next meeting is scheduled for February 3, 2005.