AN ACT concerning property taxation; relating to exemptions, residences of disabled veterans; amending K.S.A. 2013 Supp. 79-201b and repealing the existing section.

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

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

Sec. 2. K.S.A. 2013 Supp. 79-201b is hereby amended to read as follows: 79-201b. 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 real property, and tangible personal property, actually and regularly used exclusively for hospital purposes by a hospital as the same is defined by K.S.A. 65-425, and amendments thereto, or a psychiatric hospital as the same was defined by K.S.A. 59-2902, and amendments thereto, as in effect on January 1, 1976, which hospital or psychiatric hospital is 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, or a public hospital
authority; and all intangible property including moneys, notes and other
evidences of debt, and the income therefrom, belonging exclusively to
such a corporation and used exclusively for hospital, psychiatric hospital
or public hospital authority purposes. This exemption shall not be deemed
inapplicable to property which would otherwise be exempt pursuant to this
paragraph because any such hospital, psychiatric hospital or public
hospital authority: (a) Uses such property for a nonexempt purpose which
is minimal in scope and insubstantial in nature if such use is incidental to
the exempt purpose enumerated in this paragraph; or (b) is reimbursed for
the actual expense of using such property for the exempt purposes
enumerated in this paragraph or paragraph second of K.S.A. 79-201, and
amendments thereto; or (c) permits the use of such property for the exempt
purposes enumerated in this paragraph or paragraph second of K.S.A. 79-
201, and amendments thereto, by more than one agency or organization for
one or more of such purposes.

Second. All real property, and tangible personal property, actually and
regularly used exclusively for adult care home purposes by an adult care
home as the same is defined by K.S.A. 39-923, and amendments thereto,
which is 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, charges to residents for services of
which produce an amount which in the aggregate is less than the actual
cost of operation of the home or the services of which are provided to
residents at the lowest feasible cost, taking into consideration such items
as reasonable depreciation, interest on indebtedness, acquisition costs,
interest and other expenses of financing acquisition costs, lease expenses
and costs of services provided by a parent corporation at its costs and
contributions to which are deductible under the Kansas income tax act; and
all intangible property including moneys, notes and other evidences of
debt, and the income therefrom, belonging exclusively to such corporation
and used exclusively for adult care home purposes. For purposes of this
paragraph and for all taxable years commencing after December 31, 1976,
an adult care home which uses its property in a manner which is consistent
with the federal internal revenue service ruling 72-124 issued pursuant to
section 501(c)(3) of the federal internal revenue code, shall be deemed to
be operating at the lowest feasible cost. The fact that real property or real
tangible personal property may be leased from a not-for-profit
organization, which is exempt from federal income taxation pursuant to
section 501(c)(3) of the internal revenue code of 1986, and amendments
thereto, and which is the parent corporation to the not-for-profit operator
of an adult care home, shall not be grounds to deny exemption or deny that
such property is actually and regularly used exclusively for adult care
home purposes by an adult care home, nor shall the terms of any such
lease be grounds for any such denial. For all taxable years commencing
after December 31, 1995, such property shall be deemed to be used
exclusively for adult care home purposes 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.

Third. All real property, and tangible personal property, actually and
regularly used exclusively for private children's home purposes by a
private children's home as the same is defined by K.S.A. 75-3329, and
amendments thereto, which is 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, charges to
residents for services of which produce an amount which in the aggregate
is less than the actual cost of operation of the home or the services of
which are provided to residents at the lowest feasible cost, taking into
consideration such items as reasonable depreciation and interest on
indebtedness, and contributions to which are deductible under the Kansas
income tax act; and all intangible property including moneys, notes and
other evidences of debt, and the income therefrom, belonging exclusively
to such a corporation and used exclusively for children's home purposes.

Fourth. All real property and tangible personal property, actually and
regularly used exclusively for: (a) Housing for elderly and handicapped
persons having a limited or lower income, or used exclusively for
cooperative housing for persons having a limited or low income, assistance
for the financing of which was received under 12 U.S.C.A. § 1701 et seq.,
or under 42 U.S.C.A. § 1437 et seq., which is 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; and (b) for all taxable years commencing after December 31,
2006, temporary housing of 24 months or less for limited or low income,
single-parent families in need of financial assistance who are enrolled in a
program to receive life training skills, which is operated by a charitable or
religious organization; and all intangible property including moneys, notes
and other evidences of debt, and the income therefrom, belonging
exclusively to such a corporation and used exclusively for the purposes of
such housing. For the purposes of this subsection, cooperative housing
means those not-for-profit cooperative housing projects operating or
established pursuant to sections 236 or 221(d)(3), or both, of the national
housing act and which have been approved as a cooperative housing
project pursuant to applicable federal housing administration and U.S. Department of Housing and Urban Development statutes, and rules and regulations, during such time as the use of such properties are: (1) Restricted pursuant to such act, or rules and regulations thereof; or (2) subject to affordability financing standards established pursuant to the national housing act during such time that such not-for-profit corporation has adopted articles of incorporation or by-laws, or both, requiring such corporation to continue to operate in compliance with the United States department of housing and urban development affordability income guidelines established pursuant to sections 236 or 221(d)(3) of the national housing act or rules and regulations thereof.

Fifth. All real property and tangible personal property, actually and regularly used exclusively for housing for elderly persons, which is 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, in which charges to residents produce an amount which in the aggregate is less than the actual cost of operation of the housing facility or the services of which are provided to residents at the lowest feasible cost, taking into consideration such items as reasonable depreciation and interest on indebtedness and contributions to which are deductible under the Kansas income tax act; and all intangible property including moneys, notes and other evidences of debt, and the income therefrom, belonging exclusively to such corporation and used exclusively for the purpose of such housing. For purposes of this paragraph and for all taxable years commencing after December 31, 1976, an adult care home which uses its property in a manner which is consistent with the federal internal revenue service ruling 72-124 issued pursuant to section 501(c)(3) of the federal internal revenue code, shall be deemed to be operating at the lowest feasible cost. For all taxable years commencing after December 31, 1995, such property shall be deemed to be used exclusively for housing for elderly persons purposes 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.

Sixth. All real property and tangible personal property actually and regularly used exclusively for the purpose of group housing of mentally ill or retarded and other handicapped persons which is 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, in which charges to residents produce an amount which in the aggregate is less than the actual cost of operation of the housing facility or the services of which are provided to residents at the lowest
feasible cost, taking into consideration such items as reasonable
depreciation and interest on indebtedness and contributions to which are
deductible under the Kansas income tax act, and which is licensed as a
facility for the housing of mentally ill or retarded and other handicapped
persons under the provisions of K.S.A. 75-3307b, and amendments
thereto, or as a rooming or boarding house used as a facility for the
housing of mentally retarded and other handicapped persons which is
licensed as a lodging establishment under the provisions of K.S.A. 36-501
et seq., and amendments thereto.

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

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

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

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