

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Richard Carlson at 9:00 a.m. on March 5, 2009, in Room 535-N of the Capitol.

All members were present.

Committee staff present:

Gordon Self, Office of the Revisor of Statutes
Scott Wells, Office of the Revisor of Statutes
Hank Avila, Kansas Legislative Research Department
Chris Courtwright, Kansas Legislative Research Department
Kathy Beavers, Committee Assistant

Conferees appearing before the Committee:

Robin S. Martinez, Counsel for H.O.P.E., Incorporated
Ron Pasmore, Kansas Elks Training Center for the Handicapped
Cathy Northrup, President, Board of Directors, Interfaith Ministries
Michael Marsh, Consultant for H.O.P.E., Incorporated

Others attending:

See attached list.

HB 2269 - Property tax exemption for certain housing for the elderly, persons with disabilities or low income housing owned by certain organizations.

The Chairman opened the hearing on **HB 2269**.

Chris Courtwright, Legislative Research Department, briefed the committee on **HB 2269**. He stated this bill is the same version of 2008 **SB 383**.

Robin S. Martinez, Counsel for H.O.P.E., Incorporated, testified in support of **HB 2269** (Attachment 1). Mr. Martinez stated that the current statute has limited utility. It limits tax exemptions to real and personal property "solely owned" by not-for-profit corporations recognized as community housing development organization (CHDO) by Kansas Housing Resource Corporation (KHRC). He described the terms of Section 42 of the U.S. Tax code and its eligibility requirements and the difficulties it makes for the project owners. He stood for questions.

Ron Pasmore, Kansas Elks Training Center for the Handicapped (KETCH), testified in support of **HB 2269** (Attachment 2). The organization provides housing and residential services to 150 persons with developmental disabilities. During the 1990's, due to the transfer of persons out of all State institutions and the closure of Winfield State Hospital, there was a big demand for housing for persons with developmental disabilities. He discussed the funding used to purchase these facilities. **HB 2269** would allow the Court of Tax Appeals to grant tax exemptions for properties such as Richmond Place and would allow the organization to participate in the Low Income Housing Tax Credit to meet future demands.

Cathy Northrup, President, Board of Directors, Interfaith Ministries, Wichita, Kansas, testified in support of **HB 2269** (Attachment 3). Ms. Northrup testified in place of Patricia Dengler, Counsel for Interfaith Development Corporation and Interfaith Ministries Wichita, Incorporated. Mrs. Northrup stated that **HB 2269** will update Kansas statutes to recognize changes in affordable housing, both as to the financial aspect of construction and operations and the organizational structure of the project sponsor.

Ms. Northrup stated that **HB 2269** accomplishes three things:

- Expand the types of legal entities allowed to benefit from the exemption to include limited partnerships, limited liability companies and corporations in addition to CHDOs but will retain the requirement of the "low income housing" purpose to distinguish the use from other housing developments.
- Will describe the type of financing that must be used by these entities to acquire tax exempt status.
- Specifies the sole limited partner or the sole managing member of the owner-operator or the entity itself must be not-for-profit and recognized as a 501(c)(3) tax exempt by the IRS.

CONTINUATION SHEET

Minutes of the House Taxation Committee at 9:00 a.m. on March 5, 2009, in Room 535-N of the Capitol.

Ms. Northrup stated that safe and affordable shelter is a basic need for all citizens and the passage of **HB 2269** will help developers of affordable housing receive funding for these projects. She stood for questions.

Michael Marsh, Consultant for H.O.P.E., Incorporated, testified in support of **HB 2269** (Attachment 4) and provided answers to previous questions from the committee members to the earlier testimonies.

The Chairman called attention to the written testimony in support of **HB 2269**:

Randall Hrabe, Northwest Kansas Housing, Incorporated (Attachment 5)

Carolyn Risley-Hill, Starkey Incorporated, Wichita, KS (Attachment 6)

Jean Carter-Boniface, Executive Director of H.O.P.E., Incorporated (Attachment 7)

Kirk McClure, Professor, University of Kansas School of Architecture & Urban Planning (Attachment 8)

Michelle Sweeney, Association of Community Health Centers of Kansas (Attachment 9)

Chris Wilson, Kansas Building Industry Association (Attachment 10)

Ashley Jones, Director of State Policy, Local Incentives Support Corporation (Attachment 11)

Rebecca Buford, Tenants to Homeowners Incorporated (Attachment 12)

The Chairman called attention to the written testimony of Gary Post, Lyon County Appraiser, (Attachment 13) in opposition to **HB 2269**.

The Chairman closed the hearing on **HB 2269**.

Chairman Carlson requested the committee members to respectfully restrict original motions to pass out without amendment. Amendments will be made as independent subsidiary motions.

Representative Goyle introduced his parents, Vimal and Krishan Goyle, Wichita, Kansas and his brother, Sanj Goyle visiting from California.

Representative King, Sub-committee Chair, **HB 2150**, stated there will be meetings Tuesday, March 10 and Thursday, March 12, 2009 at 2:30 p.m. in room 785-DSOB.

The next meeting is scheduled for March 9, 2009.

The meeting was adjourned at 10:25 a.m.