

SESSION OF 2023

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2036

As Amended by House Committee of the Whole

Brief*

HB 2036, as amended, would create, beginning in tax year 2024, a graduated property tax exemption for homestead property owned by and actually and regularly occupied by certain disabled veterans or surviving spouses of disabled veterans.

The graduated exemption would apply as follows:

- Veterans with a service-connected disability rating of at least 30.0 percent, but less than 40.0 percent, would receive an exemption of 60.0 percent of assessed value;
- Veterans with a service-connected disability rating of at least 40.0 percent, but less than 50.0 percent, would receive an exemption of 70.0 percent of assessed value;
- Veterans with a service-connected disability rating of at least 50.0 percent, but less than 60.0 percent, would receive an exemption of 80.0 percent of assessed value; and
- Veterans with a service-connected disability rating of at least 60.0 percent, but less than 70.0 percent, would receive an exemption of 90.0 percent of assessed value.

*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>

Veterans with a service-connected disability rating in excess of 70.0 percent, those who are permanently confined to a wheelchair, and those who are at least 65 years old would receive a full exemption.

Individuals receiving an exemption under the bill would be ineligible for refunds under the Homestead Property Tax Refund Act.

Surviving spouses of eligible disabled veterans would continue to be eligible unless they remarry.

The bill would specify that if any provision of the bill is found to be invalid, such invalidity would not affect any other provisions of the bill that can be given effect without the invalid provision.

Background

The bill was introduced by Representatives Proctor, Blex, Buehler, Butler, Clifford, Collins, Dodson, Ellis, Johnson, Neely, Thompson, and Turk.

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by Representative Proctor, representatives of Kansas Disabled Veterans Lobby and Military Officers Association of America-Kansas, and a private citizen. The proponents generally stated the bill would provide property tax relief for disabled veterans, some of whom may not qualify for existing residential property tax relief programs.

Written-only proponent testimony was provided by representatives of Aftermarket Logistics, Kansas Association of Counties, Santa Fe Trail VFW Post 846, and VFW, and by ten private citizens.

Written-only opponent testimony was provided by a representative of the League of Kansas Municipalities.

House Committee of the Whole

The House Committee of the Whole amended the bill to prevent recipients of any exemption under the bill from being eligible for refunds under the Homestead Property Tax Refund Act.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, as introduced, the Department of Revenue estimates enactment of the bill would reduce property tax revenues to the two state building funds by \$570,000 in FY 2025, \$600,000 in FY 2026, and \$645,000 in FY 2027. Revenues from the statewide school finance levy would be reduced by \$7.6 million in FY 2025, \$8.1 million in FY 2026, and \$8.6 million in FY 2027. Additionally, the Kansas Association of Counties and League of Kansas Municipalities indicate the bill would reduce local property taxes by an indeterminate amount.

Any fiscal effect associated with the bill is not reflected in *The FY 2024 Governor's Budget Report*.

Taxation; property tax; exemption; homestead; disabled veterans