

SESSION OF 2007

**CONFERENCE COMMITTEE REPORT BRIEF
SENATE SUBSTITUTE FOR HOUSE BILL NO. 2476**

As Agreed to April 2, 2007

Brief*

Senate Substitute for HB 2476 would make a number of changes in the Homestead Property Tax Refund Act, effective for tax year 2007.

The maximum refund available under the program would be increased from the current \$600 to \$700.

The statutory assumption that renters' effective property tax burden is equivalent to 20 percent of their total rent also would be reduced to 15 percent. Additional language would require the Department of Revenue to deny claims from renters reporting household income of 150 percent or less of the homestead rental amount who also fail to provide certain supporting information.

Another provision would allow 50 percent of Social Security benefits to be excluded from the definition of income for the purposes of qualifying for the program.

A new residential valuation ceiling also would prohibit any homeowner with a residence valued at \$350,000 or more from participating in the program.

A long-standing prohibition against persons with delinquent homestead property taxes participating in the program would be repealed and would be replaced with

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/klrd>

language that would automatically pay any refunds for such persons to county treasurers for application first to any such delinquent taxes; and subsequently to any other homestead taxes currently due.

Finally, all claimants in the future would be required to submit a copy of their property tax statements only when requested to do so by the Division of Taxation.

Conference Committee Action

The original bill dealt with certain income tax equipment used for biofuels. The Senate Committee amended the bill to remove its original subject matter; recommend that a substitute bill be created; and insert several Johnson County property tax related provisions.

The Conference Committee agreed to remove those provisions and include the aforementioned provisions relating to Homestead expansion.

The House originally had addressed expansion of the Homestead program as part of HB 2264 and SB 198; while the Senate addressed the issue in SB 215.

Background

The current Kansas program requires participants to meet both an income and a demographic test to be eligible for property tax refunds. The former test requires that household income be not more than \$28,000; the latter requires that at least one person in the household be: (1) age 55 or above; (2) a dependent under age 18; (3) blind; or (4) otherwise disabled.

The program recently was expanded in 2006 HB 2583, a bill which also provided a property tax exemption for most new acquisitions of commercial and industrial machinery and equipment. The Department of Revenue reports that during

calendar year 2005, it processed and paid 76,097 Homestead claims totaling \$17.119 million, or an average of about \$225 per refund. The 2006 amendments expanding the program were anticipated to increase its size by \$3.5 million, to about \$20.6 million per year. The provisions of the Conference Committee Report would be expected to further increase the size of the program by \$10.5 million (to a total of \$31.1 million for FY 2008).

The bill would be expected to have the following impact on SGF receipts:

(\$ in millions)

	Homestead Program Changes
FY 08	-\$10.5
FY 09	-\$11.0
FY 10	-\$11.6
FY 11	-\$12.2
FY 12	-\$12.8
5 yr-total	-\$58.1

property tax; homestead