

SESSION OF 2007

SUPPLEMENTAL NOTE ON SENATE BILL NO. 26

As Amended by Senate Committee on
Assessment and Taxation

Brief*

SB 26, as amended, would make several 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.

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.

Background

A fiscal note provided by the Department of Revenue indicated that these changes would combine to expand the program by an additional \$2.0 million for tax year 2007.

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.

*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>

The program was recently 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. SB 26 would be expected to increase the total size of the program to about \$22.6 million.

The original bill was recommended by the Special Committee on Assessment and Taxation as part of an interim study. The Senate Committee amended the bill to incorporate the provisions from SB 27, also an interim recommendation, requiring the denial of certain undocumented refund claims by renters.