

SESSION OF 2007

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 198**

As Amended by House Committee of the Whole

**Brief\***

SB 198 would authorize issuance of a new distinctive license plate for breast cancer research and outreach, effective January 1, 2008; would make a number of changes in the Homestead Property Tax Refund Act, effective for tax year 2007; and would renew for tax years 2007 and 2008 the mandatory school district general fund property tax levy.

**License Plate Provisions**

Individuals seeking such plates would pay an annual royalty fee between \$25 and \$100 to obtain authorization from the University of Kansas Cancer Center (KUCC) for use of its logo. The royalty fees would support a statewide coordinator position for the Midwest Cancer Alliance to serve as a liaison between the KUCC and hospitals, physicians, and clinics across the state. The sponsoring agency, KUCC, would be required to provide to all county treasurers a toll-free telephone number applicants could call for information concerning the application process or the status of their license plate application. The KUCC also would be required to submit a \$10,000 deposit to the Department of Revenue to defray certain costs associated with plate development. The bill would require an initial issuance of at least 500 plates.

Application for the plates would have to be made not less than 60 days prior to the applicant's registration renewal date and would be made on forms and in a manner prescribed by the Department of Revenue. The distinctive plates could not be transferred to another person.

---

\*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>

## **Homestead Provisions**

The maximum refund available under the Homestead Program would be increased from the current \$600 to \$750.

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.

All Social Security benefits would be excluded from the definition of income for the purposes of qualifying for the program. (Under current law, only Social Security disability benefits are excluded from income.)

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 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.

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.

Finally, the entire program would sunset on June 30, 2012.

## **General Fund Levy Provisions**

The bill would renew for tax years 2007 and 2008 the mandatory school district general fund property tax levy at its current level of 20 mills. The bill also would extend for the same two years the \$20,000 residential exemption from that levy.

## **Background**

Proponents, who included Senator Allen; Dr. Roy Jensen of the KUCC; the Kansas City Cancer Center; the American Cancer Society; the Kansas Medical Society; the Kansas Medical Society Alliance; and the Young Survival Coalition noted that at least 17 other states authorize breast cancer license plates.

A fiscal note indicated that the KUCC would receive between \$12,500 and \$50,000 in royalty fees in FY 2008 if the bill were to be enacted. The agency stated that any additional funding necessary for the coordinator position and toll-free phone line could be absorbed within its current budget.

The Department of Revenue indicated that the breast cancer plates would cost \$3.50 each to produce.

The House Committee amended the bill to include the provisions of Sub. for HB 2430 relating to the Homestead Program. The latest fiscal information available from the Department of Revenue indicated that these changes would combine to expand the Program by an additional \$22.1 million for tax year 2007.

The House Committee of the Whole added the school district general fund levy provisions. The Governor's Budget recommendation assumes enactment of these provisions. If the mill levy and exemption were to not be renewed, local effort for purposes of the school finance formula would be reduced by \$531.0 million in FY 2008; and by \$553.3 million in FY 2009.