



February 6, 2025

Nathan Kessler, Tax Policy Advisor
Kansas Action for Children
Testimony in Support of HB 2074
House Committee on Taxation

Chairman Smith and members of the Committee:

Thank you for the opportunity to provide to testify in support of HB 2074, which would reinstate renters in the Kansas Homestead Property Tax Refund Program.

Kansas Action for Children is a nonprofit advocacy organization working to make Kansas a place where every child has the opportunity to grow up healthy and thrive. We work across the political spectrum to improve the lives of Kansas children through bipartisan advocacy, partnership, and information-sharing on key issues, including early learning and education, health, and economic security for families.

We strongly support HB 2074 because it would substantially improve the lives of tens of thousands of cost-burdened renters in the state while improving the competitiveness of the Kansas tax code – a win-win scenario that we should not put off any longer.

Prior to 2013, renters were included in the Homestead Program with 15% of annual rent expenses counting as “property tax.” Since their removal from this program, costs and eviction rates have increased substantially for renters, who experience poverty rates much higher than that of homeowners. The data shows that renters are often plagued by high housing cost burdens that make it difficult — if not impossible — to meaningfully improve their quality of life.

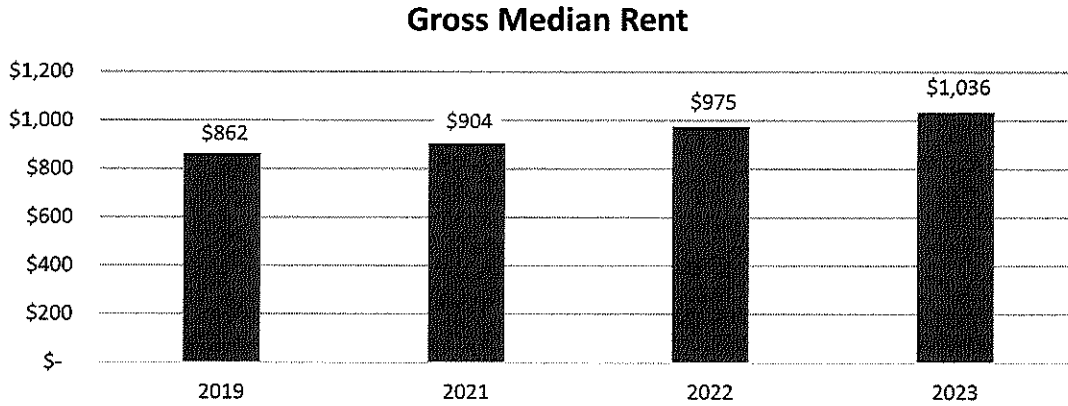
In Kansas, 38% of renters spend more than one-third of their annual income on rent. This makes sense when you consider that 52% of Kansas families falling below the federal poverty level (FPL) are renters.¹ This cost burden, driven by rising rents and shouldered by economically vulnerable residents, has resulted in a 395% increase in the number of unsheltered Kansans in the past five years. Statistics like these should not be acceptable.^{2,3}

¹ U.S. Census Bureau. (n.d.). *American Community Survey, 1-Year Estimates (2019-2023)*.

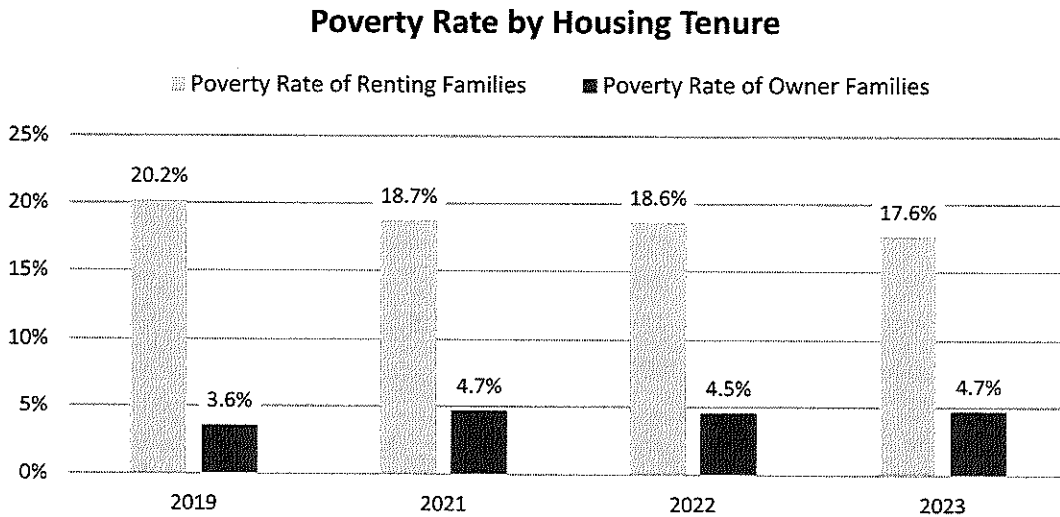
² Kansas Statewide Homeless Coalition. (2024). *Kansas Point-in-Time Count 2024*.

³ U.S. Department of Housing and Urban Development. (2019). *Continuum of Care Report*.

As seen in the chart below, median rent in Kansas has steadily increased, rising 20% since 2019. The same unit that once cost renters \$860 per month now costs more than \$1,000 per month, an increase that is driven in part by rising property taxes, underscoring the need to put renters back into the Homestead Property Tax Refund Program.⁴



Rising rents present a problem for Kansas renters because of the significantly higher rates of poverty they face compared to homeowners. Despite improvement since 2019, more than 1 in 6 renting families live in poverty compared to 1 out of 20 homeowners.⁵ Whereas much has been done in recent years to alleviate housing costs for homeowners, renters have been largely excluded from the relief enacted by the Kansas Legislature. With HB 2074, the Legislature has the opportunity to correct a policy error from a bygone era.



⁴ U.S. Census Bureau. (n.d.). *American Community Survey, 1-Year Estimates (2019-2023)*.

⁵ U.S. Census Bureau. (n.d.). *American Community Survey, 1-Year Estimates (2019-2023)*.

By lowering costs for renters, Kansas will become a more attractive state for families, students, and labor force participants. Often, when people move to a new place, they choose to rent rather than binding themselves to a mortgage before they have determined the best location to settle down permanently. To grow our state economy, we have to grow our population and this is an important measure that will make Kansas more competitive in growing its populace.

Twenty-three states and D.C. already offer tax incentives for renters, including three of our neighbors (Colorado, Iowa, and Missouri).⁶ By continuing to exclude renters from the Homestead Program, we are falling behind other states in our own neighborhood. We can't afford to do so during a time of sluggish population growth and large investments by companies like Panasonic. To fill job openings that will be newly available in the years ahead without cannibalizing the workforce of other companies, Kansas needs more people.

Taken together, the tax relief offered to low- and middle-income Kansans and the competitive edge offered by this bill indicate this is simply good tax policy. Renters constitute one-third of the households in the state, so any discussion of broad-based cost-of-living relief must include this demographic.

Considerable time and effort have been – and continue to be – dedicated to property tax relief for homeowners, and with good reason. I do not believe it is unreasonable to devote a small portion of this effort to improving the lives of cost-burdened Kansas renters.

Thank you for your time and attention, please contact me at nathan@kac.org if I can be of further assistance.

⁶ Reed, E. (August 7, 2024). *States With Tax Breaks for Renters: Do You Qualify?*. SmartAsset. <https://smartasset.com/taxes/states-with-tax-breaks-renters>