

HOUSE BILL No. 2636

By Committee on Taxation

Requested by Representative Sawyer Clayton

1-30

1 AN ACT concerning taxation; relating to the homestead property tax
2 refund act; including homestead renters as eligible to participate in
3 certain homestead property tax refund claims; amending K.S.A. 79-
4 4501, 79-4511 and 79-4522 and K.S.A. 2023 Supp. 79-4502, 79-4508
5 and 79-4509 and repealing the existing sections.
6

7 *Be it enacted by the Legislature of the State of Kansas:*

8 Section 1. K.S.A. 79-4501 is hereby amended to read as follows: 79-
9 4501. The title of this act shall be the homestead property tax refund act.
10 The purpose of this act shall be to provide ad valorem tax refunds to: (a)
11 Certain persons who are of qualifying age who own *or rent* their
12 homestead; (b) certain persons who have a disability, who own *or rent*
13 their homestead; and (c) certain persons other than persons included under
14 the provisions of (a) or (b) who have low incomes and dependent children
15 and own their *or rent* homestead.

16 Sec. 2. K.S.A. 2023 Supp. 79-4502 is hereby amended to read as
17 follows: 79-4502. As used in this act, unless the context clearly indicates
18 otherwise:

19 (a) "Income" means the sum of adjusted gross income under the
20 Kansas income tax act effective for tax year 2013 and thereafter without
21 regard to any modifications pursuant to K.S.A. 79-32,117(b)(xx) through
22 (xxiii) and (c)(xx), and amendments thereto, maintenance, support money,
23 cash public assistance and relief, not including any refund granted under
24 this act, the gross amount of any pension or annuity, including all
25 monetary retirement benefits from whatever source derived, including but
26 not limited to, all payments received under the railroad retirement act,
27 except disability payments, payments received under the federal social
28 security act, except that for determination of what constitutes income such
29 amount shall not exceed 50% of any such social security payments and
30 shall not include any social security payments to a claimant who prior to
31 attaining full retirement age had been receiving disability payments under
32 the federal social security act in an amount not to exceed the amount of
33 such disability payments or 50% of any such social security payments,
34 whichever is greater, all dividends and interest from whatever source
35 derived not included in adjusted gross income, workers compensation and

1 the gross amount of "loss of time" insurance. Income does not include gifts
2 from nongovernmental sources or surplus food or other relief in kind
3 supplied by a governmental agency, nor shall net operating losses and net
4 capital losses be considered in the determination of income. Income does
5 not include veterans disability pensions. Income does not include disability
6 payments received under the federal social security act.

7 (b) "Household" means a claimant, a claimant and spouse who
8 occupy the homestead or a claimant and one or more individuals not
9 related as husband and wife who together occupy a homestead.

10 (c) "Household income" means all income received by all persons of
11 a household in a calendar year while members of such household.

12 (d) (1) "Homestead" means the dwelling, or any part thereof, owned
13 and occupied as a residence by the household and so much of the land
14 surrounding it, as defined as a home site for ad valorem tax purposes, and
15 may consist of a part of a multi-dwelling or multi-purpose building and a
16 part of the land upon which it is built or a manufactured home or mobile
17 home and the land upon which it is situated. *The provisions of this*
18 *paragraph shall apply to: (A) Claims under K.S.A. 79-4508, and*
19 *amendments thereto, for tax years prior to tax year 2024; and (B) all*
20 *claims under K.S.A. 79-4508a, and amendments thereto.*

21 (2) *Commencing with tax year 2024, for purposes of claims under*
22 *K.S.A. 79-4508, and amendments thereto, "homestead" means the*
23 *dwelling, or any part thereof, whether owned or rented, that is occupied as*
24 *a residence by the household and so much of the land surrounding it, as*
25 *defined as a home site for ad valorem tax purposes, and may consist of a*
26 *part of a multi-dwelling or multi-purpose building and a part of the land*
27 *upon which it is built or a manufactured home or mobile home and the*
28 *land upon which it is situated.*

29 (3) "Owned" includes a vendee in possession under a land contract, a
30 life tenant, a beneficiary under a trust and one or more joint tenants or
31 tenants in common.

32 (e) "Claimant" means a person who has filed a claim under the
33 provisions of this act and was, during the entire calendar year preceding
34 the year in which such claim was filed for refund under this act, except as
35 provided in K.S.A. 79-4503, and amendments thereto, both domiciled in
36 this state and was: (1) For purposes of a claim under K.S.A. 79-4508, and
37 amendments thereto: (A) A person having a disability; (B) a person who is
38 55 years of age or older; (C) a disabled veteran; (D) the surviving spouse
39 of active duty military personnel who died in the line of duty; or (E) a
40 person other than a person included under subparagraph (A), (B), (C) or
41 (D) having one or more dependent children under 18 years of age residing
42 at the person's homestead during the calendar year immediately preceding
43 the year in which a claim is filed under this act; or (2) for purposes of a

1 claim under K.S.A. 2023 Supp. 79-4508a, and amendments thereto: (A) A
2 person who is 65 years of age or older; or (B) a disabled veteran. The
3 surviving spouse of a disabled veteran who was receiving benefits
4 pursuant to subsection (e)(1)(C) at the time of the veterans' death, shall be
5 eligible to continue to receive benefits until such time the surviving spouse
6 remarries.

7 When a homestead is occupied by two or more individuals and more
8 than one of the individuals is able to qualify as a claimant, the individuals
9 may determine between them as to whom the claimant will be. If they are
10 unable to agree, the matter shall be referred to the secretary of revenue
11 whose decision shall be final.

12 (f) "Property taxes accrued" means property taxes, exclusive of
13 special assessments, delinquent interest and charges for service, levied on
14 a claimant's homestead in 1979 or any calendar year thereafter by the state
15 of Kansas and the political and taxing subdivisions of the state. When a
16 homestead is owned by two or more persons or entities as joint tenants or
17 tenants in common and one or more of the persons or entities is not a
18 member of claimant's household, "property taxes accrued" is that part of
19 property taxes levied on the homestead that reflects the ownership
20 percentage of the claimant's household. For purposes of this act, property
21 taxes are "levied" when the tax roll is delivered to the local treasurer with
22 the treasurer's warrant for collection. When a claimant and household own
23 their homestead part of a calendar year, "property taxes accrued" means
24 only taxes levied on the homestead when both owned and occupied as a
25 homestead by the claimant's household at the time of the levy, multiplied
26 by the percentage of 12 months that the property was owned and occupied
27 by the household as its homestead in the year. When a household owns and
28 occupies two or more different homesteads in the same calendar year,
29 property taxes accrued shall be the sum of the taxes allocable to those
30 several properties while occupied by the household as its homestead
31 during the year. Whenever a homestead is an integral part of a larger unit
32 such as a multi-purpose or multi-dwelling building, property taxes accrued
33 shall be that percentage of the total property taxes accrued as the value of
34 the homestead is of the total value. For the purpose of this act, the word
35 "unit" refers to that parcel of property covered by a single tax statement of
36 which the homestead is a part.

37 (g) "Disability" means:

38 (1) Inability to engage in any substantial gainful activity by reason of
39 any medically determinable physical or mental impairment which can be
40 expected to result in death or has lasted or can be expected to last for a
41 continuous period of not less than 12 months, and an individual shall be
42 determined to be under a disability only if the physical or mental
43 impairment or impairments are of such severity that the individual is not

1 only unable to do the individual's previous work but cannot, considering
2 age, education and work experience, engage in any other kind of
3 substantial gainful work which exists in the national economy, regardless
4 of whether such work exists in the immediate area in which the individual
5 lives or whether a specific job vacancy exists for the individual, or whether
6 the individual would be hired if application was made for work. For
7 purposes of the preceding sentence (with respect to any individual), "work
8 which exists in the national economy" means work which exists in
9 significant numbers either in the region where the individual lives or in
10 several regions of the country; for purposes of this subsection, a "physical
11 or mental impairment" is an impairment that results from anatomical,
12 physiological or psychological abnormalities which are demonstrable by
13 medically acceptable clinical and laboratory diagnostic techniques; or

14 (2) blindness and inability by reason of blindness to engage in
15 substantial gainful activity requiring skills or abilities comparable to those
16 of any gainful activity in which the individual has previously engaged with
17 some regularity and over a substantial period of time.

18 (h) "Blindness" means central visual acuity of $^{20}/_{200}$ or less in the
19 better eye with the use of a correcting lens. An eye which is accompanied
20 by a limitation in the fields of vision such that the widest diameter of the
21 visual field subtends an angle no greater than 20 degrees shall be
22 considered for the purpose of this paragraph as having a central visual
23 acuity of $^{20}/_{200}$ or less.

24 (i) "Disabled veteran" means a person who is a resident of Kansas
25 and has been honorably discharged from active service in any branch of
26 the armed forces of the United States or Kansas national guard and who
27 has been certified by the United States department of veterans affairs or its
28 successor to have a 50% or greater permanent disability sustained through
29 military action or accident or resulting from disease contracted while in
30 such active service.

31 (j) *"Rent constituting property taxes accrued" means 15% of the*
32 *gross rent actually paid in cash or its equivalent in 2024 or any taxable*
33 *year thereafter by a claimant and claimant's household solely for the right*
34 *of occupancy of a Kansas homestead on which ad valorem property taxes*
35 *were levied in full for that year. When a household occupies two or more*
36 *different homesteads in the same calendar year, "rent constituting property*
37 *taxes accrued" shall be computed by adding the "rent constituting*
38 *property taxes accrued" for each property rented by the household while*
39 *occupied by the household as its homestead during the year.*

40 (k) *"Gross rent" means the rent paid at arm's length solely for the*
41 *right of occupancy of a homestead or space rent paid to a landlord for the*
42 *parking of a mobile home, exclusive of charges for any utilities, services,*
43 *furniture and furnishings or personal property appliances furnished by the*

1 landlord as a part of the rental agreement, whether or not expressly set out
 2 in the rental agreement. Whenever the director of taxation finds that the
 3 landlord and tenant have not dealt with each other at arm's length and
 4 that the "gross rent" charge was excessive, the director may adjust the
 5 "gross rent" to a reasonable amount for the purposes of the claim.

6 Sec. 3. K.S.A. 2023 Supp. 79-4508 is hereby amended to read as
 7 follows: 79-4508. (a) Commencing in the tax year beginning after
 8 December 31, 2005, the amount of any claim pursuant to this act and
 9 under this section shall be computed by deducting the amount computed
 10 under column (2) from the amount of claimant's property tax accrued.

(1)		(2)
Claimant's household income		Deduction from property tax accrued
At least	But not more than	
\$0	\$6,000	\$0
6,001	7,000	4%
7,001	16,000	4% plus 4% of every \$1,000, or fraction thereof, of income in excess of \$7,001
16,001	27,000	40% plus 5% of every \$1,000, or fraction thereof, of income in excess of \$16,001
27,001	27,600	95%

25
 26 *Commencing with tax year 2024, column "(2) Deduction from property*
 27 *tax accrued" means deduction from property tax accrued and/or rent*
 28 *constituting property tax accrued, and the amount of any claim under this*
 29 *section shall be computed by deducting the amount computed under*
 30 *column (2) from the amount of claimant's property tax accrued and/or rent*
 31 *constituting property tax accrued.*

32 (b) The director of taxation shall prepare a table under which claims
 33 under this act and this section shall be determined. The amount of claim
 34 for each bracket shall be computed only to the nearest \$1.

35 (c) The claimant may elect not to record the amount claimed on the
 36 claim. The claim allowable to persons making this election shall be
 37 computed by the department which shall notify the claimant by mail of the
 38 amount of the allowable claim.

39 (d) In the case of all tax years commencing after December 31, 2004,
 40 the upper limit threshold amount prescribed in this section, shall be
 41 increased by an amount equal to such threshold amount multiplied by the
 42 cost-of-living adjustment determined under section 1(f)(3) of the federal
 43 internal revenue code for the calendar year in which the taxable year

1 commences.

2 Sec. 4. K.S.A. 2023 Supp. 79-4509 is hereby amended to read as
3 follows: 79-4509. (a) In the event property taxes accrued, *rent constituting*
4 *property taxes accrued or their sum* exceeds \$700 for a household in any
5 one year, the amount thereof shall, for purposes of this act, be deemed to
6 have been \$700.

7 (b) The provisions of subsection (a) shall not apply to a claim for
8 refund pursuant to K.S.A. 2023 Supp. 79-4508a, and amendments thereto.

9 Sec. 5. K.S.A. 79-4511 is hereby amended to read as follows: 79-
10 4511. (a) Every claimant under this act shall supply to the division, in
11 support of a claim, reasonable proof of age or disability, and changes of
12 homestead, household membership, household income, and size and nature
13 of property claimed as the homestead. A claim alleging disability shall be
14 supported by a report of the examining physician of the claimant with a
15 statement or certificate that the applicant has a disability within the
16 meaning of subsection (g) of K.S.A. 79-4502, and amendments thereto.

17 (b) Every claimant who is a homestead owner, or whose claim is
18 based wholly or partly upon homestead ownership at some time during the
19 calendar year, shall supply to the division, in support of a claim, the
20 amount of property taxes levied upon the property claimed as a homestead
21 and a statement that the property taxes accrued used for purposes of this
22 act have been or will be paid by the claimant. Upon request by the
23 division, such claimant shall provide a copy of the statement of property
24 taxes levied upon the property claimed as a homestead. The amount of
25 personal property taxes levied on a manufactured home or mobile home
26 shall be set out on the personal property tax statement showing the amount
27 of such tax as a separate item.

28 (c) *Every claimant who is a homestead renter, or whose claim is*
29 *based wholly or partly upon homestead rent at some time during the*
30 *calendar year, shall supply to the division, in support of a claim, a*
31 *statement prescribed by the director certifying the amount of gross rent*
32 *paid and that ad valorem property taxes were levied in full for that year on*
33 *the property, all or a part of which was rented by the claimant. When such*
34 *claimant reports household income that is 150% or less of the homestead*
35 *rent amount and such claimant has failed to provide any documentation or*
36 *information requested by the division to verify such household income in*
37 *support of a claim as required pursuant to subsection (a), within 30 days*
38 *of such request, such homestead property tax refund claim shall be denied.*

39 (d) The information required to be furnished under subsection (b) or
40 (c) shall be in addition to that required under subsection (a).

41 Sec. 6. K.S.A. 79-4522 is hereby amended to read as follows: 79-
42 4522. A person owning or occupying a homestead *that is not rental*
43 *property and* for which the appraised valuation for property tax purposes

1 exceeds \$350,000 in any year shall not be entitled to claim a refund of
2 property taxes under the homestead property tax refund act for any such
3 year. The provisions of this section shall be part of and supplemental to the
4 homestead property tax refund act.

5 Sec. 7. K.S.A. 79-4501, 79-4511 and 79-4522 and K.S.A. 2023 Supp.
6 79-4502, 79-4508 and 79-4509 are hereby repealed.

7 Sec. 8. This act shall take effect and be in force from and after its
8 publication in the statute book.