

February 9, 2021

The Honorable Caryn Tyson, Chairperson  
Senate Committee on Assessment and Taxation  
Statehouse, Room 123-E  
Topeka, Kansas 66612

Dear Senator Tyson:

**SUBJECT:** Fiscal Note for SB 76 by Senator Holland, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning SB 76 is respectfully submitted to your committee.

SB 76 would enact the Golden Years Homestead Property Tax Freeze Act. The bill would provide the Golden Years Homestead Property Tax Refund on qualifying residential homestead property based on the total amount of property tax increase over the base year of tax year 2019 and qualified residents would be able to claim this refund beginning retroactively to tax year 2020. To qualify for this refund program, the qualifying individual must be 65 years of age or older, or a disabled veteran. The qualifying individual must have a household income less than \$50,000 and the value of the residential property must be less than \$350,000. The maximum amount that a taxpayer would be allowed to claim is capped at \$2,500 for each tax year. A surviving spouse of a qualified individual would be able to continue to be eligible for the refund program unless the surviving spouse remarries. The bill defines a disabled veteran as a person who is a resident of Kansas and has been honorably discharged from active service in any branch of the armed forces of the United States or Kansas National Guard that is certified by the U.S. Department of Veterans Affairs to have a 50.0 percent permanent disability sustained while on active duty. The refund would first be applied to any delinquent property taxes on that homestead and any remainder of the refund would be applied to any state tax liability of the qualified individual or any other member of the household, or to current property tax liability with the county.

Taxpayers claiming this new refund would be prohibited from receiving the Homestead Property Tax Refund, the Selective Assistance for Effective Senior Relief tax credit, or any public

funds specifically designated for the payment of taxes. The Director of Taxation would be required to issue an electronic record to each county clerk by October 1 of each year that shows the name of the claimant that received a refund of property taxes for the prior year. The Department of Revenue would have the authority to adopt rules and regulations to implement the bill.

Estimated State Fiscal Effect				
	FY 2021 SGF	FY 2021 All Funds	FY 2022 SGF	FY 2022 All Funds
Revenue	--	--	(\$19,240,000)	(\$19,240,000)
Expenditure	--	--	\$209,578	\$209,578
FTE Pos.	--	--	--	1.00

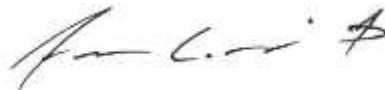
The Department of Revenue estimates that SB 76 would decrease individual income tax receipts to the State General Fund by \$19,240,000 in FY 2022, \$18,270,00 in FY 2023, and \$24,190,000 in FY 2024.

To formulate the estimates on the Golden Years Homestead Property Tax Freeze Act, the Department of Revenue reviewed housing, population, and veteran data from the U.S. Census Bureau and housing and property tax data from the Property Valuation Division of the Department of Revenue. The Department estimates approximately 80,622 households would participate in the Golden Years Homestead Property Tax Freeze Refund Program for tax year 2020 and 82,241 households for tax year 2021. The average refund per claim is estimated to be \$86.48 in tax year 2020 and \$149.14 in tax year 2021. Because the bill is retroactive to tax year 2020, the Department assumes individual income taxpayers would amend tax year 2020 returns and apply for refunds in FY 2022. The estimate for FY 2022 includes 100.0 percent of tax year 2020 tax liability and 100.0 percent of tax year 2021 tax liability. The estimate for FY 2023 includes 100.0 percent of tax year 2022 tax liability.

The Department of Revenue indicates that it would require a total of \$209,578 from the State General Fund in FY 2022 to implement the bill and to modify the automated tax system. The bill would require the Department to hire 1.00 new FTE position to manage this new tax credit program and to answer questions from taxpayers. This bill would require modifications to the automated tax system. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department’s programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department’s current budget may be required.

The Department of Education, League of Kansas Municipalities, and the Kansas Association of Counties indicate the bill would have no fiscal effect on state and local property tax collections. Any fiscal effect associated with SB 76 is not reflected in *The FY 2022 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt  
Director of the Budget

cc: Lynn Robinson, Department of Revenue  
Wendi Stark, League of Municipalities  
Jay Hall, Association of Counties  
Craig Neuenswander, Education