

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 12, 2008 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Legislative Research Department  
Gordon Self, Office of Revisor of Statutes  
Ryan Hoffman, Legislative Research Department  
Scott Wells, Office of Revisor of Statutes  
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Dale Swenson  
Representative Holland  
George Lippencott, AARP

Written testimony only:

Paula Gilchrist, Douglas County Treasurer  
Stacy Kurtz, Director of Taxation and Accounting, Douglas County  
Matt Shatto, City of Lenexa

Others attending:

See attached list.

**HCR 5015 - State constitutional amendment; taxation; watercraft.**

Chris Courtwright said that **HCR 5015** is a proposed constitutional amendment that would go on the November ballot, and it would amend the property tax classification amendment to the Kansas Constitution to authorize the legislature, if it so chooses, to set up a new separate tax system for watercraft.

The Chairman opened the public hearing on **HCR 5015**.

Representative Dale Swenson testified in support of **HCR 5015**. He said it would allow the legislature to classify and tax watercraft upon a basis different from other property beginning in tax year 2009. Watercraft currently is assessed as "all other" personal property at 30 percent of its fair market value. He urged passage of **HCR 5015** (Attachment 1).

The Chairman closed the public hearing and stated they would re-open the hearing when Representative Schwartz joined them.

**HB 2928 - Enacting the Senior Citizen Property Tax Deferral Act.**

Chris Courtwright, Legislative Research Department, said **HB 2928** would create the Senior Citizens Property Tax Deferral Act. The bill would allow citizens who are 65 years of age or older to defer up to \$2,500 in property taxes on their homestead property. All deferred taxes would become payable when the taxpayer who claimed the deferral dies; the property is sold or transferred. The Secretary of Revenue would submit an annual report to the Governor and the Legislature on the tax deferrals.

The Chairman opened the public hearing on **HB 2928**.

Representative Holland testified that as elected officials to the Kansas Legislature, it is imperative that they do everything within their powers to avoid having Kansas seniors literally taxed out of their homes. He said the bill is designed to allow certain Kansas seniors age 65 or older to make application to the KDOR to defer either a portion or all ad valorem taxes levied on their homestead (annual maximum limit of \$2,500) (Attachment 2).

## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 12, 2008 in Room 519-S of the Capitol.

He said the fiscal note is \$1 million a year, however the state will re-coop that money, plus interest, as people go off the program. There is a five year sunset to the law. He explained the process from filing an application through deferral of taxes by KDOR to payment to the county, as well as circumstances in which the tax deferral would be discontinued.

Representative Holland said bankers are neutral on the bill, however, he thanked Matt Goddard, Heartland Community Bankers Association, for his help in developing this legislation. Also he commended Gordon Self for his patience and hard work in crafting the legislation. He said it was the county treasurers that had brought this issue to the forefront and acknowledged written testimony from Paula Gilchrist, Douglas County Treasurer and Stacy Kurtz, Director of Taxation and Accounting, in support of the bill (Attachment 3).

George Lippencott, AARP, said there have been significant increases in certain property tax levies in Kansas since the beginning of the decade. AARP believes that targeted tax relief to the more vulnerable among the senior population is a positive approach to addressing the impact of this growth on those least able to meet it. AARP does not believe there are appropriate and affordable commercial products to meet this explicit need and supports the introduction of **HB 2928** as the appropriate relief needed by many (Attachment 4).

Mike Taylor, Unified Government Public Relations, Wyandotte County, said government has worked hard to lower property tax burdens on our citizens, from cutting mill levies and collecting more delinquent taxes, to growing other revenues by expanding our economy and promoting development, still, the property tax can be difficult to pay for some older, fixed-income citizens. Although **HB 2928** does place the State in the role of banker which reimburses local governments for eligible deferred taxes, they believe it is preferable to artificial and arbitrary caps on assessed values (Attachment 5).

It was noted that Matt Shatto, City of Lenexa, had submitted written testimony in opposition to **HB 2928** (Attachment 6).

Discussions followed regarding:

- What interest rate is charged by the state
- Obligations of a remaining spouse that is under 55 years old
- How will this affect a home-based business
- Can you qualify for the Homestead Act in addition to this deferral act.

Matt Goddard, Heartland Community Bankers Association, testified that, originally the banking community had concerns over the mechanics of the bill, however, Representative Holland had addressed those concerns. He explained the changes may tighten eligibility of the program to assure that participants had legitimate needs. From a practical perspective for mortgage lenders **HB 2928** does not cause any problems and Mr. Goddard said they have no objections to the bill.

Representative Holland agreed to come back to the Committee with additional information.

The Chairman closed the hearing on **HB 2928**.

Representative Brown gave a sub-committee report on **HB 2694**. He said they do not have a formal bill at this time, however he distributed a subcommittee report (Attachment 7). He explained the following:

- Expanded definition for “alternative fuels”
- Proposed tax credit
- E85 fuel credit adjustment

Representative Goyle explained changes in the definition of “Alternative Fuels”.

The meeting was adjourned at 10:25 A.M. The next meeting is March 13, 2008.