



Patrick Vogelsberg, JD  
Vice President of Governmental Affairs  
Kansas Association of REALTORS®  
3644 SW Burlingame Rd.  
Topeka, KS 66611  
(785)845-0988 (Cell)  
Email: patrick@kansasrealtor.com

To: House Taxation Committee

Date: February 7, 2017

Subject: Opposition to HB 2237.

Hon. Chairman Johnson and members of the House Taxation Committee:

On behalf of the Kansas Association of REALTORS® (KAR), thank you for the opportunity to provide some written comments in opposition to HB 2237.

KAR represents over 8,500 members involved in both residential and commercial real estate and has advocated on behalf of the state's property owners for over 95 years. REALTORS® serve an important role in the state's economy and are dedicated to working with our elected officials to create better communities by supporting economic development, a high quality of life and providing affordable housing opportunities while protecting the rights of private property owners.

Our concern with HB 2237 is specifically with the failure of this legislation to restore the mortgage interest deduction (MID) or property tax deductions (PTD) found in K.S.A. 79-32,120(a)(4). For tax year 2018, HB 2237 establishes a third tax bracket. For married individuals filing joint returns, those with taxable income over \$80,000 will pay \$4,005 plus 6.45% of excess over \$80,000. For single filers with over \$40,000 of income the tax is \$2,002.50 plus 6.45% of excess over \$40,000.

As way of background, during the 2013 legislative session, the Kansas Legislature enacted HB 2059, which made number of significant changes that this committee has been reviewing this session and is well aware of. Of the changes, were systematic reductions or "haircuts" to the historic deductions for homeowners and property owners – MID and PTD. Under 2013 HB 2059, MID and PTD deductibility were as follows: 100% in tax year 2012, 70% in tax year 2013, 65% in tax year 2014, 60% in tax year 2015, 55% in tax year 2016, 50% in tax year 2017 and 50% in tax year 2018. The intent was that as individual income tax rates stepped down, the MID and PTD would as well. This was a hard fought alternative to immediate loss of these important deductions. Tax legislation passed in 2015 accelerated the haircuts to 50% starting in tax year 2015, where both deductions currently stand.

HB 2237 returns many Kansas homeowners and property owners to 2012 income tax rates without the full deductions available in 2012, resulting in a tax liability greater than even that in 2012. Simply, KAR would ask

that any consideration of increases in individual rates during the 2017 session include parallel increases to the MID and PTD up to full restoration.

For these reasons, we would urge the House Taxation Committee to increase the MID and PTD if individual income tax rates increase.

Respectfully submitted,

Patrick Vogelsberg, JD  
Vice President of Governmental Affairs  
Kansas Association of REALTORS®