

SESSION OF 2004

**SUPPLEMENTAL NOTE ON SENATE BILL NO. 390**

As Amended by House Committee on  
Taxation

**Brief\***

SB 390, as amended by the House Taxation Committee, would expand the Homestead Property Tax Refund Program in several ways, effective for tax year 2004. The upper threshold income level would be expanded from \$25,000 to \$26,300; the upper bracket lower income threshold would be increased from \$3,000 to \$6,000; and the maximum refund amount would be increased from \$600 to \$720.

The bill also would amend the definition of "resident trust" for income tax purposes to include trusts administered in the state; trusts created by wills of decedents who at the time of death are domiciled in Kansas, provided at least one beneficiary was a resident on the last day of the taxable year; and trusts created by or consisting of property owned by persons domiciled in Kansas on the date the trusts or portions thereof become irrevocable, provided at least one beneficiary was a resident on the last day of the taxable year.

**Background**

Senator Vratil, who appeared as the bill's principal proponent in the Senate Assessment and Taxation Committee, said that the increase to \$26,300 was roughly equivalent to the growth in inflation since the program was last expanded in 1997. The original bill also would have indexed the upper threshold income level prospectively beginning in tax year 2005. The Senate Committee of the Whole removed that provision.

The House Taxation Committee added the amendments to further expand the Homestead program and to change the definition of resident trust for income tax purposes.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>



The latest fiscal notes provided by the Department of Revenue suggest that the House Taxation Committee version of the bill would be revenue neutral. Homestead refunds would be expanded by \$6.0 million, while additional revenue received from the resident trust provisions also would be \$6.0 million.

The Homestead program is currently available to individuals with household income of not more than \$25,000, provided at least one person in the household is age 55 or above; a dependent child below 18; blind; or otherwise disabled.