

SESSION OF 2005

**CONFERENCE COMMITTEE REPORT BRIEF  
HOUSE BILL NO. 2308**

As Agreed to April 27, 2005

**Brief \***

HB 2308, which relates to property taxation, would:

- Expand the Homestead Property Tax Refund Program by allowing taxpayers to exclude from the definition of income various veterans disability and railroad disability benefits. The changes would be effective for tax year 2005.
- Provide that county clerks when certifying the property tax rolls exclude the amount of assessed valuation attributable to property owned by public utilities which have filed property tax exemption applications until such time as the applications have been denied by the State Board of Tax Appeals or until subsequent judicial review has been finalized.
- Authorize taxpayers to petition boards of county commissioners to order a refund of excess property taxes paid attributable to personal property valuation that had been erroneously reported for tax year 1999. A county opting to grant such a property tax refund would be required to notify the Department of Revenue. Any taxpayer receiving such a refund would be required to file amended income tax returns for any tax years in which business expense deductions or income tax credits were claimed relative to the excess property taxes and would be liable for any additional income tax owed relative to the amended returns.
- Repeal a provision of HB 2247, the school finance bill that became law without the Governor's signature, that prohibits cities and counties from granting prospective property tax exemptions via the issuance of industrial revenue bonds relative to that

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portion of the property tax attributable to the mandatory school district general fund levy.

### **Conference Committee Action**

The Conference Committee agreed to retain both Senate Committee of the Whole amendments; and added the additional section relating to the income tax implications of the potential refund of excess property taxes paid for tax year 1999.

The Conference Committee further agreed to strike the provision of HB 2247 that restricts the authority of cities and counties to grant prospective property tax exemptions via the issuance of industrial revenue bonds.

### **Background**

The Homestead Property Tax Refund Program authorizes refunds of a portion of property taxes paid for certain taxpayers with household income of \$26,300 or less. In order to qualify, the household must include at least one individual who is age 55 or above; a dependent under age 18; blind; or otherwise disabled. A fiscal note indicated that excluding the disability payments from the definition of income would expand the program by about \$0.1 million. In CY 2003, the Department of Revenue paid \$13.578 million in Homestead refunds.

Proponents, who included Representatives Sharon Schwartz and Shari Weber, observed that legislation enacted in 2000 excluded social security disability benefits from the definition of income for Homestead purposes; and that the failure to also exclude other types of disability benefits at that time was likely an oversight.

The Senate Committee of the Whole amended the bill to include the provisions relating to exclusion from the tax rolls of certain public utility valuation when exemption applications have been filed; and authorizing the petition of county commissions regarding the potential refund of certain excess property taxes paid for tax year 1999.