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Adam C. Proffitt, Director

Laura Kelly, Governor

February 24, 2025

The Honorable Caryn Tyson, Chairperson
Senate Committee on Assessment and Taxation
300 SW 10th Avenue, Room 548-S
Topeka, Kansas 66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 215 by Senator Corson, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning SB 215 is respectfully submitted to your committee.

SB 215 would exclude Social Security payments from the definition of household income used to determine eligibility of certain seniors and disabled veterans for the Homestead Property Tax Refund Program. The bill would increase the maximum appraised value of an eligible claimant's home in the base year from $350,000 to $595,000 and provide for future increases to this amount based upon the average percentage change in statewide residential valuation of existing residential real estate for the preceding ten years. The bill would increase the maximum amount of household income for which taxpayers would be eligible for this refund option from $50,000 to $80,000 and provide for future increases to this amount based on the cost-of-living adjustment published in the Internal Revenue Code. These changes would become effective in tax year 2025.

| Estimated State Fiscal Effect | | | |
|---|---|---|---|
| | FY 2025 | FY 2026 | FY 2027 |
| Expenditures | | | |
| State General Fund | -- | $178,439 | $62,229 |
| Fee Fund(s) | -- | -- | -- |
| Federal Fund | -- | -- | -- |
| Total Expenditures | -- | $178,439 | $62,229 |
| Revenues | | | |
| State General Fund | -- | ($38,800,000) | ($47,900,000) |
| Fee Fund(s) | -- | -- | -- |
| Federal Fund | -- | -- | -- |
| Total Revenues | -- | ($38,800,000) | ($47,900,000) |
| FTE Positions | -- | 1.00 | 1.00 |

The Department of Revenue estimates that SB 215 would decrease State General Fund revenues by $38.8 million in FY 2026, $47.9 million in FY 2027, and $57.3 million in FY 2028. To formulate these estimates, the Department reviewed valuation data from its Division of Property Valuation and the U.S. Census Bureau. The Department assumes that the statewide average property taxes in base year 2021 is $2,701, and property taxes would increase by 5.2 percent each year. The Department estimates that removing the 50.0 percent of Social Security benefits originally included in the definition of household income for the new Homestead Property Tax Refund Program for seniors and disabled veterans and the higher maximum appraised value of an eligible claimant's home in the base year would increase the estimated eligible households by 43,041. The bill would not change the definition of "household income" for the original Homestead Program or SAFE SR Program.

The Department indicates that the bill would require $178,439 from the State General Fund in FY 2026 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 answer questions from taxpayers and to assist with the administration of this program. The Department estimates that ongoing expenses for salaries and wages for the 1.00 FTE position and overhead expenses would total $62,229 from the State General Fund in FY 2027. 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. Any fiscal effect associated with SB 215 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue