

Approved: 2-17-99  
Date

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE.

The meeting was called to order by Chairperson Senator Audrey Langworthy at 11:10 a.m. on February 16, 1999, in Room 519-S of the Capitol.

All members were present except: Senator Praeger - Excused

Committee staff present: April Holman, Legislative Research Department  
Don Hayward, Revisor of Statutes Office  
Shirley Higgins, Committee Secretary

Conferees appearing before the committee: John Vermillion  
Shirley Sicilian, Department of Revenue  
Lee Rowe

Others attending: See attached list.

The minutes of the February 10 and 11, 1999, meetings were approved.

**SB 182-Amending the homestead property tax refund act; increasing amounts refundable.**

John Vermillion, a former senator, testified in support of **SB 182**. Mr. Vermillion emphasized the importance of home life in our society. He supports the bill because it will help families with the maintenance of their homes. (Attachment 1)

Shirley Sicilian, Department of Revenue, discussed the fiscal note on **SB 182**. The Department estimates that the passage of the bill would increase FY 2000 homestead refunds from the State General Fund by \$12 million, from \$13.8 million to \$25.8 million. Under current law, the maximum deduction from property tax paid is 96 percent, with a maximum refund of \$600.00. Under **SB 182**, the maximum deduction from property tax paid would remain at 96 percent, but the maximum eligible household income would increase from \$25,000 to \$35,000. The bill also would increase the maximum refund to \$700.00.

Lee Rowe, a resident of Emporia, stood in support of Mr. Vermillion's testimony. She has served on the Emporia City Commission for twelve years and has worked with the inner city area housing. The city commission often hears complaints from residents that they are being driven out of their homes due to the property taxes.

Ms. Rowe said she also prepares income tax returns. She noted that, in addition to refunds available under the Homestead Property Tax Refund Act, persons with children get 10 percent of their federal earned income credit back at the Kansas level and also get a food sales tax refund at the Kansas level. In her opinion, one way to simplify the tax structure in Kansas would be to remove people with children from the homestead property tax rebate system and retain the relief for elderly persons only.

There being no others wishing to testify, the hearing on **SB 182** was closed.

Senator Langworthy began a discussion of a previously heard bill, **SB 78** which was introduced by Senator Morris. She recalled that the bill would exempt from all state and local property taxes natural gas gathering and distribution systems owned by small non-profit utilities and used for irrigation of farm land. There is no fiscal note because the non-profit utilities have not been assessed in the past.

Senator Langworthy noted that Mark Beck, Division of Property Valuation, indicated at the hearing on the bill that K.S.A. 79-5a01, which defines public utility for state assessment purposes, should be amended to expressly exclude from its definition natural gas distribution systems owned and operated by non-profit public utilities which are operated predominately for the purpose of providing fuel for the irrigation of land devoted to agricultural use. Staff noted that Mr. Beck also suggested that **SB 78** be amended on page 1, line 22, to strike "gathering and".

CONTINUATION SHEET

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE, Room 519-S Statehouse,  
at 11:10 a.m. on February 16, 1999.

Senator Bond moved to amend **SB 78** as suggested by the Division of Property Valuation, seconded by Senator Steineger. The motion carried.

In response to a question from Senator Corbin, staff explained that the amendment exempts the machinery and equipment used for irrigation purposes. It was also determined that the issue does not concern assessment of taxes on right of ways.

Senator Bond moved to report **SB 78** as favorable for passage as amended, seconded by Senator Corbin. The motion carried.

The meeting was adjourned at 11:40 a.m.

The next meeting is scheduled for February 17, 1999.



LIFE ON THIS PLANET IS SHORT - DOING THE  
RIGHT THING LASTS FOREVER. LIFE IS LIKE A  
WHEEL, IT TURNS ROUND AND ROUND, IT ROLLS  
ON SMOOTH SURFACE - FUN, JOY ~~EXCITE~~ EXCITEMENT  
IT ROLLS ON ROUGH, SLICK, SLAMMY SURFACE -  
WRECKS, DEATH, DESTRUCTION OFTEN FOLLOW.  
AT THE CENTER OF THE WHEEL OF LIFE IS THE

HOME.  
THE PEOPLE ARE THE SPOKES IN THE WHEEL, THE  
PEOPLE COME FROM THE HOME TO BE THE STEWARDS  
OF SOCIETY. USING CLEAN AND PURE HEARTS THEY  
BECOME SUCCESSFUL PARENTS, SOTS HOLDERS AND  
QUALITY CITIZENS.

OUR FOREFATHERS KNEW THE IMPORTANCE OF  
THE HOME, THAT WAS THE FIRST THING THEY BUILT  
OR ESTABLISHED WHEN THEY CAME TO KANSAS TERRITORY,  
138 YEARS AGO KANSAS ~~WAS~~ BECAME POPULATED  
BY HOMESTEADERS AND A SONG SOON ~~FOLLOWED~~  
FOLLOWED.

- "O GIVE ME A HOME, WHERE THE BUFFALO  
ROAM." MODERN DAY HOME OWNERS STILL BELIEVE  
BELIEVE IN THE HOME FIRST. THEY PUT THEIR  
HANDS AND MINDS TO TASKS - SO THAT THEY CAN  
LIVE IN DECENT LIVING CONDITIONS.

THE HOME IS WHERE DREAMS BECOME  
REALITY, WHERE PLANNING FOR THE FUTURE IS  
TALKED OVER, WHERE THE PRESENT IS DISCUSSED  
IN PRIVATE, WHERE MEMORIES ARE HELD SACRED.  
THE WORD HOME - EXALTS HAPPINESS; ORDER;  
MOTHERS; EXUBERANCE

OWNING A HOME IS THE AMERICAN DREAM.

TRAVELING NORTH, SOUTH, EAST OR WEST COMING HOME IS ALWAYS THE BEST.

THE HOMESTEAD TAX REFUND ACT WAS CREATED TO REWARD AND RECOGNIZE KANSAS CITIZENS FOR HOME OWNERSHIP - TO HELP THEM KEEP THEIR HOME FROM THE TAX COLLECTORS, TO HELP THEM WITH THE COST OF MAINTAINING THEIR HOME.

PEOPLE LIVING IN THEIR HOMES PAY HUGE AMOUNTS OF THE TAXES - SALES, INCOME, GASOLINE, PERSONAL AND REAL PROPERTY TAXES, HIDDEN TAXES.

THIS HOMESTEAD ACT SPEAKS TO RE-INVESTING SOME OF THE MONEY INTO PEOPLE WHO ARE WORKING HARD TO SUSTAIN A POSITIVE, QUALITY HOME LIFE:

- (A) CRIME IS REDUCED,
- (B) QUALITY EDUCATION IS IMPROVED
- (C) INDIVIDUAL RESPONSIBILITY IS REWARDED
- (D) RESPECT FOR OTHERS IS ENCOURAGED
- (E) TAXES ARE PAID WITHOUT RELUCTANCE,
- (F) BETTER MENTAL AND PHYSICAL HEALTH RESULTS
- (G) WELFARE ROLLS & DISCOUNTS IN NUMBERS
- (H) SETS PERFORMANCE IS EMULATE.

THE PRIMARY STRUCTURES IN ALL KANSAS COMMUNITIES ARE HOMES. HEAVY TAXES, HIGH FIX-UP, PAINT-UP, CLEAN-UPS WILL KEEP MANY HOMES IN RENEWED CONDITION.

ADDITIONAL APPROPRIATIONS INTO THE HOMESTEAD TAX REFUND ACT WILL KEEP THE SPIRIT OF INDIVIDUALISM ALIVE, THE COMMUNITIES OF KANSAS BRIGHT AND APPRECIATED.

THIS WILL HELP TO GENERATE THE ECONOMY OF THE GREAT STATE OF KANSAS.

LET ME CONCLUDE BY SAYING "THANKS A MILLION TO SENATOR EMMETT, TO SENATOR LAUGHERTY, THIS COMMITTEE AND STAFF FOR ALLOWING THE TIME TO DWELL ON THE IMPORTANCE OF THE HOMESTEAD ACT."

February 9, 1999

John Vermillion  
210 W. Main  
Independence, KS 67301

Dear John:

This letter is in response to your request for information regarding certain sample taxpayers and how they would fare relative to current law under the expansion of the Homestead Property Tax Relief program embodied by SB 182. The hearing will be Tuesday, Feb 16.

Under current law, a qualifying household with income of \$14,500 receives an average refund of \$205.58. Under the provisions of SB 182, the average refund for such a household would increase to \$300.43.

A qualifying household with income of \$24,500 receives an average refund under current law of \$21.07. Under SB 182, the average refund would increase to \$208.93.

A qualifying household with income of \$32,500 is not eligible for any relief under current law. Under SB 182, such a household would qualify for an annual refund of \$61.45.

The Department of Revenue has indicated that SB 182 has a fiscal impact of about \$12 million. I hope this information is useful to you.

Sincerely,



Chris W. Courtwright

Principal Analyst

cc Tim Emert

# THE HOME IS AT THE CENTER OF THE WHEEL OF LIFE

