Approved: April 29, 2004
Date

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman John Edmonds at 9:00 a.m. on March 17, 2004 in Room 519-S of the Capitol.

All members were present.

Committee staff present:
Chris Courtwright, Legislative Research Department
Martha Dorsey, Legislative Research Department
Gordon Self, Revisors of Statutes
Carol Doel, Committee Secretary

Conferees appearing before the committee:
Representative Kenny Wilk
Representative Lee Tafanelli
Representative Gatewood
Elsie Meyer - Perry, KS
Melvin Gray - Perry, KS
Jan Sides - State Employee Association of KS
Maria Russo - Jayhawk Agency on Aging
Jim Snyder - Silver Haired Legislative Council
Craig Kaberline - Kansas Area Agencies on Aging Association
Karl Peterjohn - Kansas Taxpayers Network
Randall Allen - Kansas Association of Counties
Larry Baer - Kansas League of Municipalities
Mark Desetti - Kansas NEA
Ted Wary - Cherokee County
Frieda Culver - Cherokee County
Erik Sartorius

Others attending:
See Attached List

Chairman Edmonds opened the meeting asking for any bill introductions. There were none and he recognized Mark Beck of the Property Valuation Department who brought information before the committee regarding State Programs and Practices for Reducing Residential Property Taxes (Attachment 1) and the Consumer Price Index for All Urban Consumers for the Kansas City Area which was acquired from the U.S. Department of Labor, Bureau of Labor Statistics. (Attachment 2)

The Chairman opened the meeting for public hearing on **HCR 5032** with Representative Tafanelli giving testimony in support of the Resolution. His testimony revealed that **HCR 5032** would cap property tax valuation increases on single-family residential property with a valuation of less than $250,000 which is owned and occupied by a Kansas resident that is 65 years of age or older as of January 1. It would also allow for the Legislature to provide, by law, for any subsequent adjustments in the value and/or age requirements and also enact other legislation that may be necessary to implement such a program. This would relieve the burden felt by seniors across the state. (Attachment 3)

Representative Kenny Wilk was next to stand in support of **HCR 5032**. He stated he agreed with Representative Tafanelli's testimony, but added that many seniors no longer have their health and they are not able to go out and supplement their income. The passing of this Resolution would help keep seniors in their homes. (See Signature on Attachment 3)

Presenting testimony in support of **KCR 5032** was Elsie Flynn - Meyer a widowed taxpayer from Perry, Kansas. Her intent in her testimony is to represent Senior Citizens who are living on a low income and are paying high property taxes that continue to increase. (Attachment 4)

Also from Perry, Kansas was Melville Gray who supports **HCR 5032**. He provided a list of contributing economic drains that are occurring on retirees and a chart showing comparison of property tax paid by retirees with and without valuation cap as provided in **HCR 5032**. (Attachment 5)

The State Employee Association of Kansas was represented by Jan Sides in favor of **HCR 5032** stating that each year the seniors see any increase in the valuation of their property and/or an increase in property tax and the proposal in this Resolution would be a tool to help these people. (Attachment 6)

Mario Russo, Executive Director Jayhawk Area Agency on Aging also favors the passage of **HCR 5032**. In her testimony she stated that support of this resolution is offered because it will assist seniors in maintaining their independence in the community a bit longer by extending their financial resources. (Attachment 7)

Representing the Council of the Silver Haired Legislature was Jim Snyder. They also support **HCR 5032**. Their opinion, as stated in M.r. Snyder's testimony, is the increasing costs of health care and prescription drugs hit senior citizens out of all proportion to their numbers. Older Kansans should not also have to worry about losing their homes as a result of "backdoor" taxation in the form increased valuation and assessment of their homes. (Attachment 8)

Supporting **HCR 5032** was Kansas Area Agencies on Aging Association, represented by Craig Kaberline, Executive Director. This would benefit many seniors on fixed incomes who continue to experience significant increases in their property values. This legislation would not keep seniors from paying property taxes; instead it would cap the property valuation at its current level. (Attachment 9)

Karl Peterjohn, Kansas Taxpayers Network, address the committee in support of **HCR 5032** saying that this proposal would address a portion of the tax appraisal problem in Kansas, but it does not provide a broad based solution for all taxable property. (Attachment 10)

With no other proponents regarding **HCR 5032**, the Chairman recognized Randall Allen, Kansas Association of Counties as an opponent of the Resolution. The Association has two main concerns.
1) Limiting the growth in appraised valuation of real estate to a cap established by legislative enactment would in no way guarantee lower taxes.
2) The second concern about this proposal lis the inequity that it would create between and among parcels. After experiencing years neglect in our property tax administration system, county commissioners and state officials expended the fiscal and political capital to make our system better. They urge the committee to refrain from presenting this proposed constitutional amended to the votes. (Attachment 11)

League of Kansas Municipalities Assistant General Counsel, Larry Baer also gave testimony in opposition to **HCR 5032** asking the committee to remember that property tax is one of the three legs that support local government finances. They adamantly oppose any amendment to the Kansas Constitution that alters the current fair market value approach to valuing residential property or that would place any cap or limitation on increase of valuation for residential property. (Attachment 12)

Kansas National Education Association represented by Mark Desetti addressed the committee in opposition to **HCR 5032**. Their testimony stated that the proposals in this Resolution will cut revenue but the need for law enforcement, fire protection, schools and support for our most vulnerable citizens will not go away just because there is no money. Now is not the time to be slashing taxes. (Attachment 13)

With there being no other opponents, the Chairman closed the hearing on **HCR 5032** and opened the public hearing on **HCR 5031.**

Representative Doug Gatewood stood before the committee in favor of **HCR 5031**. This Resolution would allow the legislature to do a serious study and debate of the property valuation system and empower the legislature to change the system to reflect economic growth or use a methodology that controls increases in valuation but does not limit local taxing jurisdictions. (Attachment 14) Representative Gate wood also submitted for the committees' review copies of letters from his constituents. (Attachment 15)

Ted & Connie Wary of Columbus, Kansas, Cherokee County presented charts showing like property evaluations as well as a listing of their reasons for appeal. (Attachment 16)

Next to stand before the committee as a proponent to **HCR 5031** was Erik Sartorius representing the City of Overland Park, Kansas. This legislation could require the legislature to limit increases in the assessed value of residential property. It would alter the current State policy of tying the evaluation of a homeowner's property to its fair market value. Limiting the growth in the assessed valuations of residential property could increase the tax burden for a number of homeowners. They urge the committee to report this Resolution favorable for passage. (Attachment 17)

Having heard all of the proponents, Chairman Edmonds recognized Randall Allen as the first opponent on **HCR 5031.** Mr. Allen stood on his previous testimony which he gave on **HCR 5032**.

Larry Baer, Kansas League of Municipalities as well as Mark Desetti, Kansas NEA also stood on their previous testimony.

Mark Beck of the Property Evaluation Department submitted testimony in opposition to **HCR 5031** stating that they were in opposition because it abolishes Kansas' longstanding practice of applying a uniform standard for valuing all real property. (Attachment 18)

Submitting written testimony on **HCR 5031** were Marlee Carpenter, KCCI (Kansas Chamber of Commerce and Industry (Attachment 19) and by Wes Ashton of the Overland Park Chamber of Commerce, both in opposition to **HCR 5031** (Attachment 20)

There were no other conferees on **HCR 5031**. The Chairman closed the hearing and opened the hearing on **HCR 5038**.

Karl Peterjohn was recognized as an opponent on **HCR 5038** and wished to stand on his previous testimony given on the previous Resolutions.
Chairman Edmonds then turned to the opponents of **HCR 5038.** Randall Allen, Association of Counties; Larry Baer, Kansas League of Municipalities; and Mark Desetti, Kansas NEA who also wished to stand on their previous testimony of the day.

The Chairman noted written testimony on **HB 2924** from Chris Wilson, Executive Director of the Kansas Building Industry Association. This bill was heard on Tuesday, March 16, 2004. (Attachment 21)

With no further business before the committee the meeting was adjourned at 10:30 p.m.

HOUSE TAXATION GUEST LIST

DATE 3-17-04

MARK DESETTI	KNEA
Melville Gray	Jefferson Co. resident
Elsie Flynn-Meyer	Jefferson Co resident
Giulia Foos	Jefferson Co. resident
Maria Russo	Jayhawk Area Agency on Aging
Richard Stuckey	BPOE
Keith Haxton	SEAK
Jim Snyder	Silver Haire Legis
Christy Caldwell	Topeka Chamber
P.J. Robinson	
LARRY R BAER	LKM
Ann Durkes	DOB
Ron Nuse	Citizen

#2003-04
May 2003

State Programs and Practices for Reducing Residential Property Taxes

by
David Baer

The AARP Public Policy Institute, formed in 1985, is part of the Policy and Strategy Group at AARP. One of the missions of the Institute is to foster research and analysis on public policy issues of importance to mid-life and older Americans. This publication represents part of that effort.

Second printing with revisions.

AARP, 601 E Street, NW., Washington, DC 20049
http://www.aarp.org/ppi

HOUSE TAXATION
Attachment 1
Date 3-17-04

Homestead Credit and Circuit Breaker Programs

State governments offer two types of property tax credit programs--homestead credits and circuit breaker programs. In this paper, "homestead" refers to owner-occupied residential property. Homestead credit programs offer the same property tax credits to all eligible households (see Appendix Tables B-1 and B-2). For example, New Jersey offers a tax credit of $90 to all homeowners and $100 to all renters under age 65 whose income is $40,000 or less (homeowners) or $100,000 or less (renters).

Fourteen states and the District of Columbia offer homestead credit programs. Of the 14 states, three (Indiana, Massachusetts, and Mississippi) offer some combination of homestead credits and homestead exemptions. Eight offer these credits to homeowners of all ages. Five of the 14 states (Connecticut, Delaware, Tennessee, Utah, and Virginia) and the District of Columbia offer credits only to homeowners age 65 and older (or disabled for Connecticut, Tennessee, Utah, and Virginia). Starting in 2001, Arkansas homeowners of all ages were eligible to receive a $300 homestead credit.

In contrast, states also offer *circuit breaker programs* whereby tax credits or homestead exemptions decrease as income increases.[8] Therefore, the tax credit or homestead exemption changes, depending on income, for eligible households. Most of these circuit breaker programs are limited to low- and moderate-income homeowners and renters (see Appendix Tables A-1 and A-2). Circuit breaker programs usually relieve the property tax burden by setting income thresholds, such as three percent of income, which property taxes cannot exceed (subject to a maximum tax credit). Homeowners or renters whose property taxes are above the threshold receive a rebate of some or all of their property taxes.

Thirty-five states and the District of Columbia have circuit breaker programs. Of the 35 states, five (Nebraska, New York, North Dakota, Ohio, and Washington) offer homestead exemptions available statewide that act as circuit breakers (homestead exemptions decrease as income increases). These five states are also classified as homestead exemptions (see page five of this report).[9] The other 31 states and the District of Columbia offer tax credits.[10] All but 10 of the 35 states[11] offer circuit breaker programs to both homeowners and renters; nine of the 10 states offer circuit breaker programs only to homeowners, whereas Oregon offers a circuit breaker program that is targeted to renters only. The District of Columbia also offers tax credits to homeowners and renters. California, Hawaii, Indiana, Massachusetts, New Jersey, and

---

[8] Some references define circuit breakers as property tax credits that decrease as income increases. However, we choose also to include in the defintion of circuit breakers, programs in which homestead exemptions decrease as income increases.

[9] These four states are described in Appendix Table A-1 and Appendix Table B-2.

[10] North Dakota offers a homestead exemption to homeowners and a tax credit to renters. New York offers a tax credit that is available statewide and a homestead exemption that is available as a local option.

[11] Hawaii, Idaho, Nebraska, New Hampshire, Ohio, Oklahoma, Oregon, South Dakota, Washington, and Wyoming.

Table 1
Comparison of Homestead Exemptions with Different Assessment Levels

	Fair Market Value	Assessment Levels	Assessed Value	Homestead Exemption	Taxable Value*	Effective Exemption*
Homeowner #1	$100,000	20%	$20,000	$10,000	$10,000	50%
Homeowner #2	$100,000	80%	$80,000	$10,000	$70,000	12.5%

*Taxable value equals the product of the fair market value multiplied by the assessment level minus the homestead exemption. The effective exemption equals the homestead exemption divided by the assessed value.

Forty states and the District of Columbia provide homestead exemptions (see Appendix Tables B-1 and B-2). This includes five state programs (Nebraska, New York, North Dakota, Ohio, and Washington) that we classify as both homestead exemptions and circuit breaker programs (see Appendix Table A-1 and Appendix Table B-2), since the homestead exemptions phase out as income increases. It also includes three states (Indiana, Massachusetts, and Mississippi) that offer some combination of homestead credit and homestead exemption programs. In addition, Utah and Montana reduce residential property values by a prescribed percentage rather than a dollar amount. However, even though Utah and Montana label these reductions as residential exemptions, we do not consider them as homestead exemptions, since they function more like assessment levels in calculating assessed or taxable property values.

In contrast to circuit breaker programs, which primarily target homeowners age 55 or older, half of state homestead exemption programs and the District of Columbia provide exemptions to homeowners of all ages. Six states (Colorado, Delaware, Kentucky, New Hampshire, North Carolina, and West Virginia) offer them only to households age 65 and older (or disabled for Delaware, Kentucky, North Carolina, and West Virginia). Nine states [14] offer exemptions only to special population groups, such as disabled veterans. Of those states that offer programs to all ages, 10 provide more generous benefits to homeowners age 65 and older than to younger homeowners[15]. Further, unlike most circuit breaker programs, which offer rebates to homeowners as well as renters, no homestead exemption directly benefits renters.

Starting in property tax year 2002, Colorado homeowners age 65 and older who have owned and lived in their homes for at least 10 consecutive years are eligible for a homestead exemption equal to one-half the fair market value (up to $200,000) as determined by the assessment date.

---

[14] Michigan, Montana, Nevada, Oregon, Rhode Island, South Dakota, Utah, Vermont, and Wyoming.

[15] Alabama, Alaska, Florida, Georgia, Hawaii, Illinois, Indiana, New York, South Carolina, and Texas.

Wisconsin offer state income tax deductions or credits to eligible renters that are not circuit breaker programs, since the credit or deduction amount does not vary with taxpayer income (see Appendix Table C-1).

Most state circuit breaker programs are targeted to homeowners at least 55 years of age (more commonly age 65 and older) or disabled homeowners. Only 11 states[12] and the District of Columbia offer programs to homeowners of all ages (not including special population groups, such as the disabled). Of the 11 states, five (Connecticut, Maine, Michigan, Montana, and New York) offer one or more programs that are more generous to households age 65 and older than to younger households.[13]

Starting in tax year 2001, Massachusetts began offering a circuit breaker program to qualified homeowners and renters. Qualified homeowners must be age 65 and older and have income of $41,000 or less (single filers) or $61,000 or less (married, filing jointly). To qualify, the assessed value (before exemptions but after abatements) of a homeowner's principal residence cannot exceed $412,000. The maximum refundable tax credit against income taxes is $385.

Starting on July 1, 2002, New Hampshire began offering a circuit breaker program to homeowners. Qualified homeowners must have an income of $20,000 or less (single filers) or $40,000 or less (married). The maximum refundable tax credit can equal up to the total amount owed for the state education property tax.

Homestead Exemptions

Homestead exemptions are reductions in the amount of assessed property value subject to taxation for owner-occupied housing. The value of the tax reduction depends not only on the exemption amount but also on the assessment level. As shown in Table 1, homeowners #1 and #2 have the same homestead exemption and fair market values. However, homeowner #1 receives a greater tax reduction than homeowner #2 because of the lower legal assessment level. The assessment level is a percentage that is multiplied by the fair market value to calculate the assessed property value.

---

[12] Connecticut, Maine, Maryland, Michigan, Minnesota, Montana, New Hampshire, New York, Vermont, Wisconsin, and Wyoming.

[13] Maryland offers the same benefit to renters of all ages. However, renters under age 60 must have a dependent under age 18 to qualify.

Appendix A

Table A-1
Circuit Breaker Programs for Homeowners: 2002

State	Eligible Homeowners	Maximum Eligible Income	Maximum Benefit
Arizona	Age 65 and older	$3,750 (single) $5,500 (married couples, filing jointly)	$502
California*	Age 62 and older, blind or disabled	$37,119	$473
Colorado	Age 65 and older, disabled, or surviving spouse age 58 and older	$11,000 (single) $14,700 (married couples, filing jointly)	$600
Connecticut	Age 65 and older, disabled, or surviving spouse age 50 and older All ages	$25,400 (single) $31,100 (married couples, filing jointly) No income cap	$1,000 (single) $1,250 (married couples, filing jointly) $500*
District of Columbia	All ages	$20,000	$750
Hawaii	Age 55 and older	$20,000	$500
Idaho	Age 65 and older, veterans, disabled, blind, or surviving spouses	$20,750	$1,200
Illinois	Age 65 and older or totally disabled	$21,218 (1-person household); $28,480 (2-person household); $35,740 (3-person household)	*
Iowa	Age 65 and older or disabled	$17,588	$1,000
Kansas	Age 55 and older, disabled, or with dependent children	$25,000	$600

*See notes at end of table.

1-5

State	Eligible Homeowners	Maximum Eligible Income	Maximum Benefit
Maine*	Age 62 and older, or disabled age 55 and older	$11,600 (single with no dependents) $14,400 (someone with a spouse or dependents)	$400
	All ages	$29,100 (single with no dependents) $45,100 (someone with a spouse or dependents)	$1,000
Maryland*	All ages	None*	*
Massachusetts*	Age 65 or older	$42,000 (single) $63,000 (married, filing jointly)	$790
Michigan	All ages	$82,650	$1,200
Minnesota	All ages	$81,600	$1,530
Missouri	Age 65 and older or disabled or age 60 and older receiving surviving spousal Social Security benefits	$25,000 (single) $27,000 (married couples, filing jointly)	$750
Montana	Age 62 and older	$45,000	$1,000
	All ages*	$16,824 (single) $22,432 (married couples, filing jointly)	*
Nebraska	Age 65 and older	$25,700 (single)* $30,300 (married couples, filing jointly)*	*
	Disabled	$28,300 (single)* $32,600 (married couples)*	*
Nevada	Age 62 and older	$23,538	$500*
New Hampshire	All ages	$20,000 (single) $40,000 (married couples)	Total tax credit from the state education property tax

*See notes at end of table.

State	Eligible Homeowners	Maximum Eligible Income	Maximum Benefit
New Jersey	Age 65 and older or disabled	$100,000	$790
New Mexico	Age 65 and older	$16,000*	$250
New York	All ages Age 65 and older	$18,000* $28,899	$375 (age 65 and older) $75 (under age 65) Up to the first 50% AV, L
North Dakota	Age 65 and older or disabled	$14,000*	$2,000 taxable value
Ohio	Age 65 and older or disabled	$24,100	$5,000 AV
Oklahoma	Age 65 and older or disabled	$12,000	$200
Pennsylvania	Age 65 and older, disabled, or surviving spouses age 50 and older	$15,000	$500
Rhode Island	Age 65 and older or SSDI recipients*	$30,000	$250
South Dakota	Age 65 and older or disabled* Age 65 and older or disabled*	$9,750 (single) $12,750 (multiple-member household) $5,758 (single) $7,765 (multiple-member household)	35% of taxes due (single); 55% of taxes due (multiple-member household) 35% of *municipal* taxes due (single); 55% of *municipal* taxes due (multiple-member household), L*
Utah	Age 65 and older or widowed	$23,879	*
Vermont	All ages All ages	$47,000 $88,000	None *
Washington	Age 61 and older or disabled	$30,000	*
West Virginia	Age 65 and older	$5,000	$125

AV=Assessed Value
L=Local Option
*See notes at end of table.

State	Eligible Homeowners	Maximum Eligible Income	Maximum Benefit
Wisconsin	All ages	$24,500	$1,160
Wyoming	All ages	180% of the federal poverty level*	50% of taxes paid the prior year or $500 (whichever is less)

AV=Assessed Value
L=Local Option
SSDI= Social Security Disability Income
**Notes:*

Connecticut – Connecticut offers a circuit breaker program whereby residents of all ages and incomes are eligible for an income tax credit of up to $500 off their real estate or car tax.
Illinois – The maximum benefit equals property taxes exceeding 3.5 percent of income, but not to exceed $700 less 4.5 percent of such income for a household income of $14,000 or less.
Maine – All homeowners whose income is less than $29,100 (single with no dependents) or $45,100 (someone with a spouse or dependents) and whose property taxes are more than four percent of their household income are eligible for a property tax refund of up to $1,000. Homeowners age 62 and older, or age 55 and older, and disabled and whose income is less than $11,600 (single with no dependents) or $14,400 (someone with a spouse or dependents) can qualify for a property tax refund of up to $400 without meeting the four-percent threshold requirement for eligibility. However, homeowners who do meet the four-percent threshold are eligible for a property tax refund of up to $1,000.
Maryland – The net worth of homeowners cannot exceed $200,000 (excluding the homestead itself). The maximum benefit is up to taxes paid on the first $150,000 of assessed value.
Massachusetts – Starting in tax year 2001, Massachusetts began offering a circuit breaker program to qualified homeowners and renters. To qualify, the assessed value (before exemptions but after abatements) of a homeowner's principal residence cannot exceed $425,000.
Montana – The property tax rate is reduced by 80 percent for the maximum tax benefit. The property tax rate reduction applies only to the first $100,000 of taxable value. To qualify for this benefit, homeowners must occupy their home at least seven months of the year.
Nebraska – In addition to the income ceiling requirement, in order to qualify for the program, the homestead value for homeowners age 65 and older cannot exceed $95,000, or 150 percent of the county's average assessed value (whichever is greater), plus $20,000. The maximum homestead exemption benefit for homeowners age 65 and older equals $40,000 assessed value or 80 percent of the county's average assessed value (whichever is greater). For disabled homeowners, the maximum homestead exemption cannot exceed $110,000 assessed value, or 175 percent of the county's average assessed value (whichever is greater) plus $20,000. The maximum homestead exemption for disabled homeowners equals $50,000 assessed value, or 100 percent of the county's average assessed value (whichever is greater).
Nevada - The maximum benefit equals 90 percent of tax owed up to $500.
New Mexico – The income ceiling is $25,000 or less for Sandoval County residents, compared to $16,000 for all other counties.
New York – The fair market value for all real properties cannot exceed $85,000 for eligibility for the statewide circuit breaker program. Public subsidized housing is not eligible for the statewide circuit breaker program.
North Dakota – Assets may not exceed $50,000 (excluding the first $80,000 of the homestead's market value).
Rhode Island – If sufficient state monies are available, homeowners and renters under age 65 can also apply to receive full or partial credit.
South Dakota – Homeowners must have owned the property for which the refund is claimed for at least three years or have been a state resident for five years for the statewide program. The local option program requires homeowners to have owned and resided for at least five years in the property for which the reduction is claimed.

Utah – The maximum benefit equals a $637 tax credit plus an additional credit equal to the tax on 20 percent of the fair market value.
Vermont – The maximum benefit applied toward school property taxes for homeowners whose income is $88,000 or less is either a $15,000 homestead exemption, or the amount of school property taxes that exceed a factor (from 2.0% to 4.5%) multiplied by their household income (whichever is greater).
Washington – The maximum benefit equals up to 60 percent of total assessed value or $50,000 assessed value (whichever is greater).
Wyoming – In addition to the 180 percent of the federal poverty level, the income ceiling changes based on the cost of living for a particular county.

Source: Telephone survey of state legislative offices, state departments of revenue, state comptrollers offices, and state treasury offices.

Appendix B

Table B-1
Homestead Exemption and Credit Programs
Without Income Eligibility Requirements: 2002

State	Eligible Homeowners	Maximum Homestead Exemption or Credit
Alabama	All ages	$4,000 AV (state taxes) and $2,000 AV (county taxes)*
	Over age 65	Full exemption (state taxes)
Alaska	Age 65 and older, disabled veterans or surviving spouses over age 60	$150,000 AV
	All ages	$10,000 AV, L
Arizona	All ages	*
Arkansas	All ages	$300
California	All ages	$7,000 AV
	Disabled veterans	$100,000 AV*
Colorado	Age 65 and older*	50% of the fair market value (up to $200,000)
Connecticut	Age 65 and older or disabled	L*
Delaware	Age 65 and older	50% tax credit or $500 (whichever is less) on school property taxes, L
District of Columbia	All ages	$30,000 AV
Florida	All ages	$25,000 AV
	Widows, blind, and disabled	$500 AV
	Totally disabled veterans	Full exemption
Georgia	All ages	$2,000 AV from state, county, and school property taxes, except for school taxes levied by municipalities and bonded indebtedness
		$8,000 AV from state, county, school, municipal, and special district taxes
	Disabled veterans residing in an independent or county school district	$43,000 AV from state, county, municipal, and school property taxes

AV=Assessed Value; L=Local Option; *See notes at end of table.

1-10

State	Eligible Homeowners	Maximum Homestead Exemption or Credit
Hawaii	Under age 55 Age 55 and older Disabled, blind, hearing impaired Fully disabled veterans	$40,000 AV * $25,000 AV to full exemption Full exemption if owner-occupied
Idaho	All ages	$50,000 AV or 50% of AV, whichever is less, for residential improvements
Illinois	All ages All ages Age 65 and older Disabled veterans	$3,500 or $4,500 (Cook County) AV Up to a $45,000 exemption for the fair cash value that was added to the homestead property by any new improvement* $5,500 or $7,000 (Cook County) AV Up to $58,000 AV on a specially adapted home purchased with federal funds
Indiana	All ages	*
Iowa	All ages	$4,850 AV
Kansas	All ages	$2,300 AV or $20,000 fair market value for school property taxes
Kentucky	Age 65 and older or disabled	$26,800 AV
Louisiana	All ages	$7,500 AV*
Maine	All ages Blind WWI veterans age 62 and older and WWI widows of veterans age 62 and older Other veterans age 62 and older and other widows of veterans age 62 and older Disabled (paraplegic) and dependents	$7,000 AV $4,000 AV $7,000 AV $5,000 AV $47,500 AV

AV= Assessed Value; *See notes at end of table.

State	Eligible Homeowners	Maximum Homestead Exemption or Credit
Massachusetts	Age 70 and older or surviving spouse	$2,000 AV or $175 (whichever is greater)*
	Blind	$5,000 AV or $437.50 (whichever is greater); local option up to $500
	Disabled (paraplegic)	Full exemption
Michigan	Certain disabled veterans	Full exemption
Minnesota	All ages	*
Mississippi	Under age 65	$300 tax credit*
	Age 65 and older or disabled	$7,500 AV*
Nevada	Disabled veterans	Up to $15,000 AV
	Widows, orphans, and veterans	$1,000 AV
	Blind	Up to $3,000 AV
New Jersey	Age 65 and older	Income tax deduction equal to property taxes paid up to $10,000 or a $50 tax credit (whichever is a higher tax break)
New Mexico	All ages	$2,000 AV
New York	All ages	$30,000 AV for school property taxes*
	Qualifying veterans	Exemption (local option) on 15% of AV to a maximum of $12,000 if they served during wartime*
North Carolina	Disabled veterans	$38,000 AV
Ohio	All ages	12.5% of property taxes
Oklahoma	All ages	$1,000 AV
Oregon	Disabled veterans or surviving spouses	$9,013 AV
	Service-connected disabled veterans or surviving spouses	$12,020 AV

AV= Assessed Value
L=Local Option
*See notes at end of table.

1-12

State	Eligible Homeowners	Maximum Homestead Exemption or Credit
Pennsylvania	All ages Fully disabled veterans with service-related disability	L* Full exemption
Rhode Island*	Veterans Blind	$1,000 AV $18,000 AV
South Carolina	All ages Age 65 and older, disabled, or blind Paraplegics and disabled veterans	$100,000 fair market value* $50,000 fair market value Full exemption for the homestead and the value of the land up to one acre
South Dakota	Paraplegic veterans with specially adapted housing	Full exemption
Texas	All ages Under age 65 Age 65 and older or disabled	$3,000 AV (county tax)* Up to 20% of AV for any local taxing unit, such as a school district, L $15,000 AV (school taxes) $25,000 AV (school taxes)* Additional exemption of at least $3,000 AV, L*
Utah*	Disabled veterans Blind	Up to $82,500 taxable value Up to $11,500 taxable value
Vermont	Disabled veterans	$10,000 AV
West Virginia	Age 65 and older or disabled	$20,000 AV
Wisconsin	All ages	$300 tax credit toward personal income taxes
Wyoming	Veterans	$2,000 AV (not to exceed a tax benefit of $800); disabled veterans may receive an additional $2,000 AV times their certified percent of disability.

AV = Assessed Value
L = Local Option

**Notes:*

Alabama – Optional $2,000 exemption for other local taxing units.

Arizona – Thirty-five percent of school taxes for operating and maintenance costs with a $500 cap on tax reduction.
Arkansas – Starting in 2001, homeowners of all ages are eligible to receive a $300 homestead credit.
California – Disabled veterans may not receive the $7,000 exemption for the general population if they are receiving the disabled veteran exemption.
Colorado – Homeowners age 65 and older who have owned and lived in their homes for at least 10 consecutive years are eligible for a homestead exemption equal to one-half the fair market value (up to $200,000) as determined by the assessment date.
Connecticut – In general, Connecticut localities provide homestead credits rather than homestead exemptions.
Hawaii – Exemptions for those age 55 and older increase with age, ranging from $60,000 assessed value (ages 55 to 59) to $80,000 assessed value (ages 60 to 64) to $100,000 assessed value (ages 65 to 69) to $120,000 assessed value (age 70 and older). All homeowners have to pay a minimum real property tax of $100.
Illinois – The $45,000 exemption is good for four years from the date the improvement was completed and occupied.
Indiana – Twenty percent of tax plus a homestead deduction of $35,000 assessed value or one-half of the total assessed value (whichever is less). Homeowners can also deduct up to $2,500 of their property taxes from their taxable state personal income.
Louisiana – Does not apply to municipal taxes except in Orleans Parish.
Massachusetts – Local option to have higher benefits. For example, Boston offers homeowners a homestead exemption equal to 30 percent of the average assessed value in Boston. The Boston exemption applies to property that is owned and occupied by homeowners as their primary residence.
Minnesota – The homestead credit equals 0.4% of property taxes on the first $76,000 of fair market value with a maximum benefit of $304 at a market value of $76,000. The credit is reduced by 0.09% of the market value in excess of $76,000 until the credit equals zero at property valued at $413,800 and greater.
Mississippi – Homeowners age 65 and older or disabled do not pay the entire tax on the first $7,500 assessed value. This would be equivalent to $75,000 of the fair market value, since a ten-percent assessment ratio is used. Homeowners under age 65 receive up to a $300 tax credit if their assessed value is $7,351 or over or a fair market value of $73,510 or over.
Montana – In 2000, Montana reduced residential assessed property values first by 27.5% and then by 96.5% (effectively reduced by 97.4%) to compute the taxable value of property. Since the 27.5% and the 96.5% are not dollar amounts, this report does not consider them to be homestead exemptions. However, in Montana the 27.5% ratio is known as a "homestead exemption".
New York – The $30,000 exemption increased in counties where median home prices exceed the state average but is not reduced if median home prices are below the state average. The exemption for veterans applies to all local property taxes except for school property taxes.
Pennsylvania – This state has a local option program in which up to 50% of the median assessed value of residential properties for school and municipal property taxes can be exempted.
Rhode Island – Some localities may provide other forms of homestead exemptions.
South Carolina – The $100,000 exemption applies only to school operating taxes.
Texas – Local taxing units have the option of granting an exemption of *at least* $3,000 for homeowners age 65 and older or disabled. If a county collects a tax for farm-to-market roads or for flood control, the county *must* grant a $3,000 exemption for this tax to all homeowners of all ages. If a county also grants an optional exemption for homeowners age 65 and older or disabled, homeowners receive only the local-option exemption. Localities also have the option of granting up to a 20% exemption on property taxes for homeowners of all ages.
Utah – Utah also reduces residential assessed property values by 45% to compute the taxable value of property for primary residences (i.e., taxable property value equals the assessed property value times 45%). Since the 45% is not a dollar amount, this report does not consider it to be a homestead exemption; instead it is considered to be a type of assessment level. Utah considers the 45% to be a "residential exemption."

Source: Telephone survey of state legislative offices, state departments of revenue, state comptrollers offices, and state treasury offices.

Table B-2
Homestead Exemption and Credit Programs:
With Income/Asset Eligibility Requirements: 2002

State	Eligible Homeowners	Income Caps	Maximum Homestead Exemption or Credit
Alabama	Over age 65	$12,000 AGI	$5,000 AV (local taxes)
	Over age 65	$7,500 AGI	Full exemption (state and local taxes)
California	Disabled veterans	$42,814	$150,000 AV*
Delaware	Age 65 and older or disabled	L*	L*
District of Columbia	Age 65 and older	$100,000	Up to 50% of taxes
Florida	Age 65 and older	$20,000	$25,000 AV, L
Georgia	Age 62 and older	$10,000	$10,000 AV*
	Age 65 and older	$10,000	$4,000 AV*
Indiana	Age 65 and older	$25,000	$6,000 AV*
	Blind or disabled	$17,000	$6,000 AV
Iowa	Disabled veterans	$35,000	Full exemption
Massachusetts	Age 70 and older, surviving spouses, and certain veterans	$13,000 (single)* $15,000 (married couple)*	$4,000 AV or $500 credit, (whichever is greater)*
Montana	Fully disabled veterans or surviving spouses	$30,000 (single) $36,000 (married, filing jointly) $25,000 (surviving spouse)	Full exemption
Nebraska	Age 65 and older	$25,700 (single)* $30,300 (married couples, filing jointly)*	*
	Disabled	$28,300 (single)* $32,600 (married couples)*	*
New Hampshire	Age 65 and older	$13,400 (single) $20,400 (married couples)	*

L = Local Option
AV= Assessed Value
*See notes at end of table.

State	Eligible Homeowners	Income Caps	Maximum Homestead Exemption or Credit
New Jersey	Age 65 and older, totally disabled, or their surviving spouses age 55 and older	$10,000*	$250
	Under age 65	$40,000 (homeowners) $100,000 (renters)	$90 (homeowners) $100 (renters)
	Under age 65	*More than* $10,000 (single) or *more than* $20,000 (married, filing joint)	Income tax deduction equal to property taxes paid (up to $10,000) or a $50 tax credit (whichever is a higher tax break)
	All ages	$200,000	*
New York	Age 65 and older	$62,100	$50,000 AV for school property taxes
	Age 65 and older	$28,899	Up to the first 50% AV, L
North Carolina	Age 65 and older or disabled	$18,000	$20,000 AV or 50% AV (whichever is greater)
North Dakota	Age 65 and older or disabled	$14,000*	$2,000 taxable value
Ohio	Age 65 and older or disabled	$24,100	$5,000 AV
Oklahoma	All ages	$20,000	$2,000 AV
Tennessee	Age 65 and older or disabled	$12,210	*
Utah	Age 65 and older or disabled	$23,879	Abatement of 50% of tax up to $637, L
Virginia	Age 65 and older or disabled	*	All property taxes, L
Washington	Age 61 and older or disabled	$30,000	*

AV=Assessed Value; L = Local Option; AGI = Adjusted Gross Income

**Notes:*

California – Disabled veterans may not receive the $7,000 exemption for the general population if they are receiving the disabled veteran exemption.

Delaware – Some Delaware localities offer homestead exemptions for non-school property taxes.
Georgia – For homeowners age 62 or older, $10,000 of assessed value is applied to school property taxes if earned and any retirement income (such as pension income) exceeding $41,764 is $10,000 or less; for homeowners age 65 or older, $4,000 assessed value for state and county property taxes if earned income and any retirement income (such as pension income) exceeding $41,764 is $10,000 or less.
Indiana – The maximum homestead exemption for homeowners age 65 and older is $6,000 in assessed value or one-half the assessed value (whichever is less). In addition, homeowners age 65 and older cannot own a primary residence worth more than $69,000 in assessed value to be eligible for the exemption.
Massachusetts – Localities have the option of reducing the age requirement from 70 to 65, increasing the income requirements from $13,000 to $20,000 (single) and from $15,000 to $30,000 (married couple), and raising the maximum homestead credit from $500 to $1,000.
Nebraska – In addition to the income ceiling requirement, in order to qualify for the program, the homestead value for homeowners age 65 and older cannot exceed $95,000, or 150 percent of the county's average assessed value (whichever is greater), plus $20,000. The maximum homestead exemption benefit for homeowners age 65 and older equals $40,000 assessed value or 80 percent of the county's average assessed value (whichever is greater). For disabled homeowners, the maximum homestead exemption cannot exceed $110,000 assessed value, or 175 percent of the county's average assessed value (whichever is greater) plus $20,000. The maximum homestead exemption for disabled homeowners equals $50,000 assessed value, or 100 percent of the county's average assessed value (whichever is greater).
New Hampshire – Homeowners must have been a resident for at least five years. Assets (excluding a person's residence) cannot exceed $35,000. Homestead exemptions have to equal at least $5,000 in assessed property value. The income and assets limits as well as the homestead exemptions can be increased with voter approval.
New Jersey – The $10,000 income ceiling excludes Social Security benefits or a government pension up to the maximum amount of Social Security benefit allowed (whichever is greater). The maximum homestead credit for the homestead credit with an income cap of $200,000 equals 40 percent of the school property taxes on the first $45,000 of equalized assessed value. Taxpayers cannot benefit from both this credit and the circuit breaker program.
North Dakota – Assets may not exceed $50,000 (excluding the first $80,000 of the homestead's market value).
Tennessee – Tax credit is based on the first $18,000 market value or on a maximum assessed value of $4,500; actual credit depends on tax rates and other related factors.
Virginia – Local option to exempt all property taxes for taxpayers with incomes at or below $30,000 and whose net worth is below $100,000 (excluding dwelling); some cities and adjacent counties exempt taxes for persons with incomes below $52,000 and whose net worth is below $195,000 (excluding dwelling).
Washington – The maximum benefit equals up to 60 percent of total assessed value or $50,000 assessed value (whichever is greater).

Source: Telephone survey of state legislative offices, state departments of revenue, state comptrollers offices, and state treasury offices.

CONCEPT

- Annually identifying market value but limiting the increases in the value of real property to no more than the increase in the Consumer Price Index. For purposes of this illustration, we have used the Consumer Price Index for all Urban Consumers (CPI-U) for the Kansas City area acquired from the U.S. Department of Labor, Bureau of Labor Statistics.

- Following are properties from Johnson and Wyandotte counties. The samples consist of residential properties that are increasing in value, remaining relatively stable and properties that are declining in value. The properties include a brief description and a graph depicting the relationship between the annual market changes and the change based on the CPI-U. The examples given make the assumption that any property value decreasing will **not** be limited by the defined percentage. In the calculations to follow a base maximum percent used was 3%. The CPI-U is shown below for the year developed and the tax year applied against.

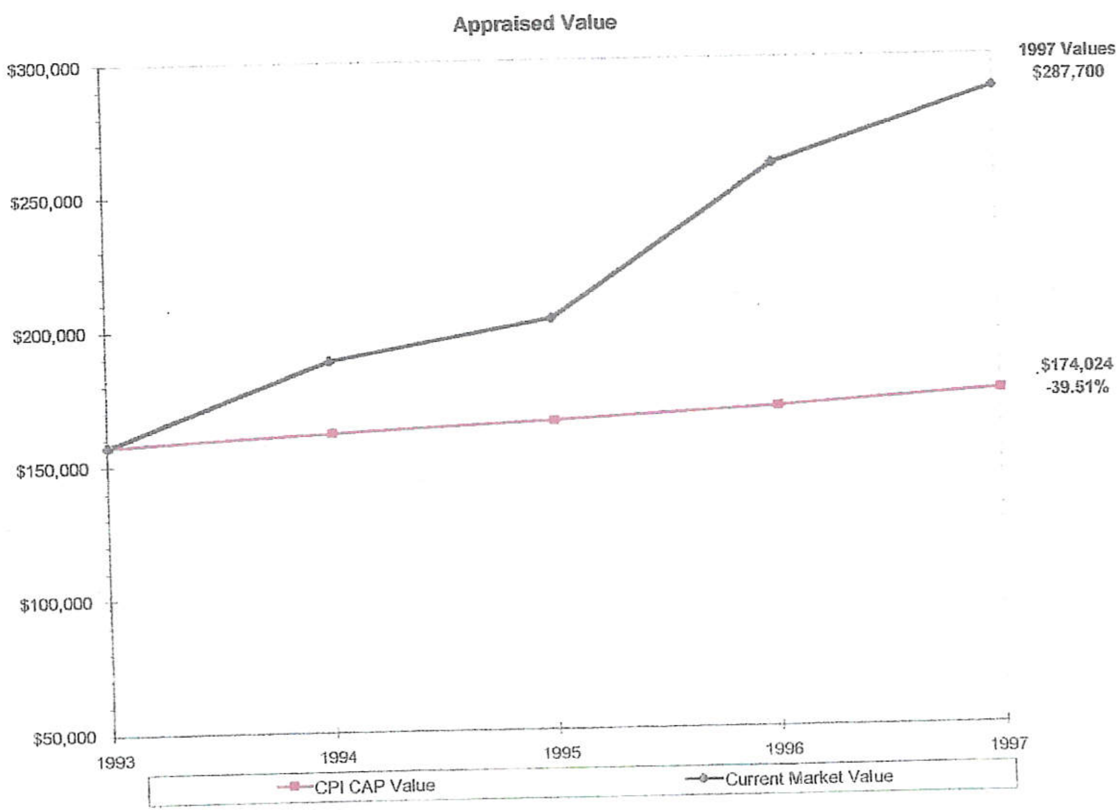
Tax Year	CPI-U Housing KC.	Year Developed
1994	2.5%	1993
1995	2.1%	1994
1996	2.7%	1995
1997	4.2% (3% cap)	1996

HOUSE TAXATION
Attachment 2
Date 3-17-04

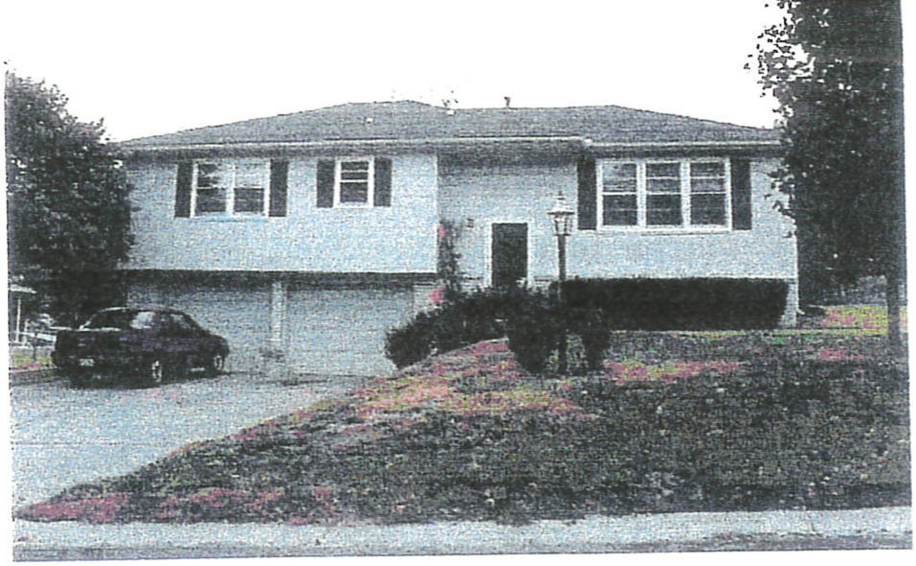
16501 Horton St.
046-7P1-40-0-00-00-00.17

This property is a five bedroom, three and one-half bath, full basement Conventional Style home with a two car garage. The home contains 3,760 square feet of living area and is located on a 141 ft. x 305 ft. lot. This home was built in 1976 and is considered a B grade.

- Value comparison of current market value to CPI CAP value.
- Appreciating neighborhood.



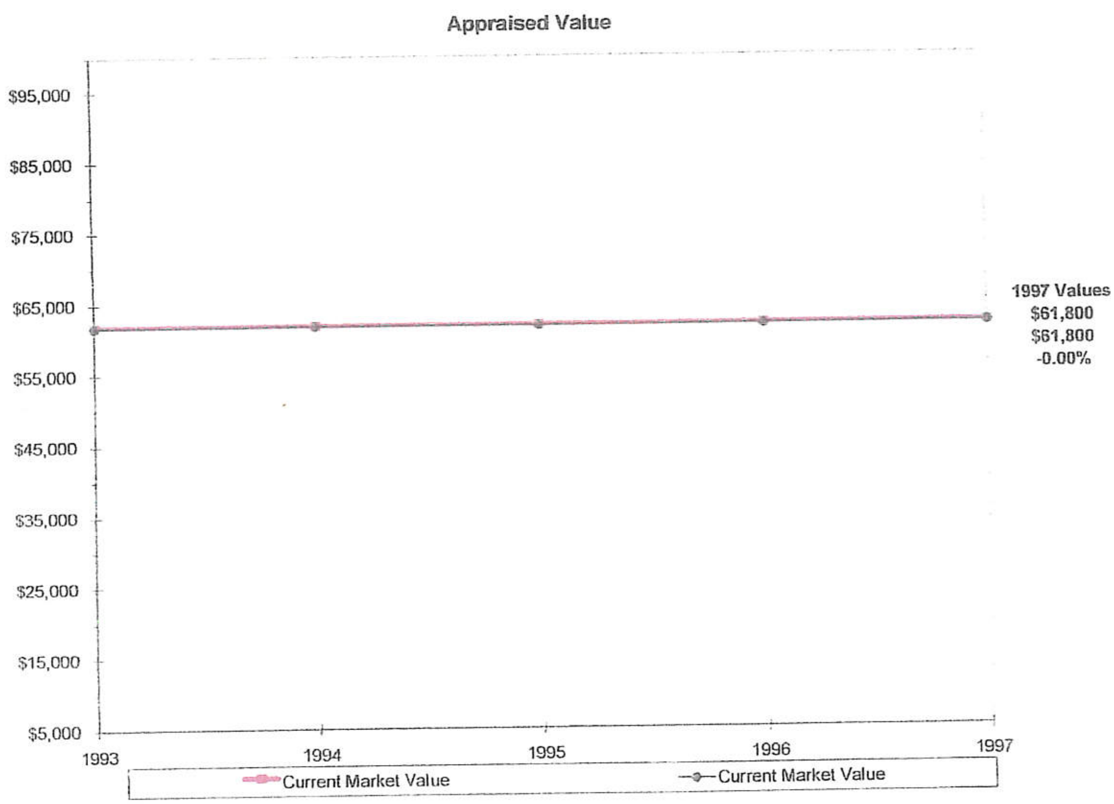
2-2



7322 Lafayette Lane
105-022-00-0

This property is a three bedroom, two bath, full basement Bilevel Style home with a two car basement garage. The home contains 1702 square feet of living area and is located on a 85 ft. x 150 ft. lot. This home was built in 1963 and is considered a C grade.

- Value Comparison of current market value to CPI CAP value.
- Static neighborhood.

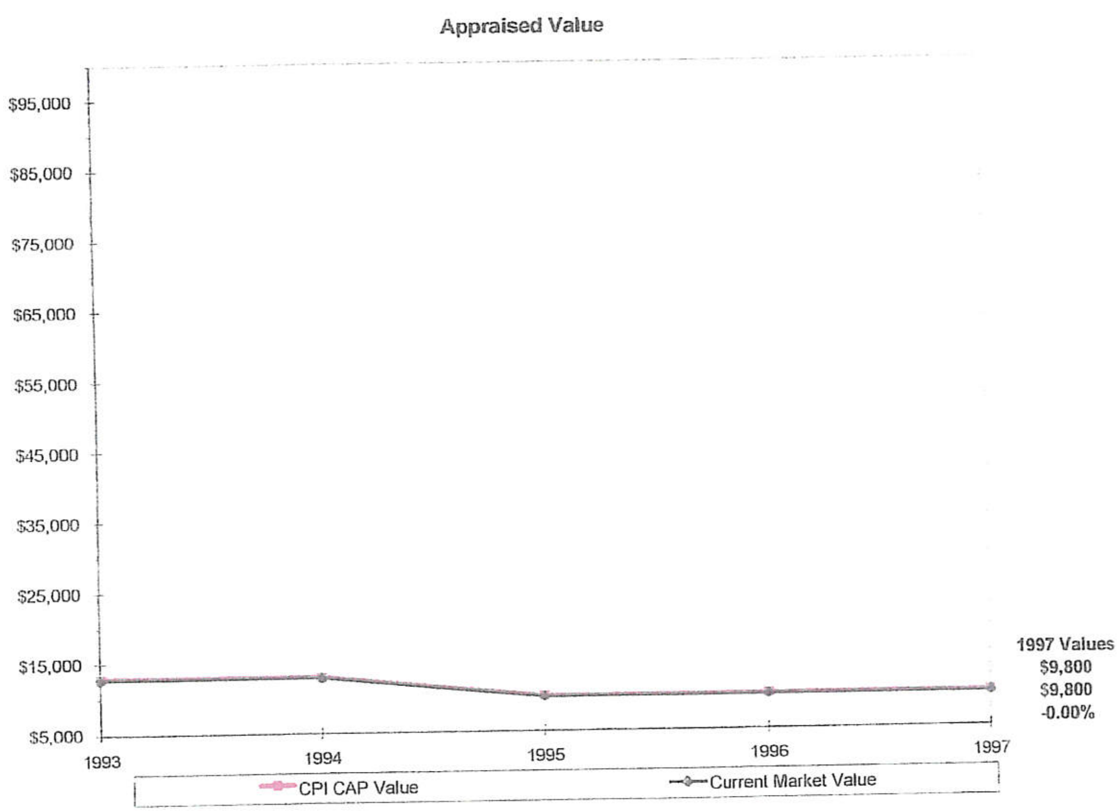


2-3

1118 Argentine Boulevard
105-072-55-9

This property is a two bedroom, one bath, partial basement Bungalow Style home with no garage. The home contains 967 square feet of living area and is located on a 25 ft. x 115 ft. lot. This home was built in 1920 and is considered a D grade.

- Value Comparison of current market value to CPI CAP value.
- Declining neighborhood.



2-4

SUMMARY

- As can be seen from the individual properties, the annual valuation procedure does have certain "spikes," either up or down, depending on the market conditions. Since each year is a stand alone value and is heavily influenced by the prior year's economic activity, the chances of change, possibly substantial, are present.

- The use of the CPI-U to limit increases tends to reduce the severity of any yearly market increases. As can be seen by the graphs, the neighborhoods that are experiencing substantial growth benefit more from the use of an index than do properties in stable or declining neighborhoods.

Tax Shift Comparison

1992 CPI	1993 CPI	1994 CPI	1995 CPI	1996 CPI	Total Taxes needed
1.4%	2.5%	2.1%	2.7%	4.2% (3% cap)	$270,250.00

Neighborhood A
(Appreciating 8% per year)

	Market Value				CPI CAP Value			
Valuation Year	Total Value	Total Assessed Value	Mill Levy	Tax Dollars	Total Value	Total Assessed Value	Mill Levy	Tax Dollars
1993	$15,000,000	$1,725,000	100.000	$172,500.00	$14,083,333	$1,619,583	104.059	$168,532.29
1994	$16,200,000	$1,863,000	95.335	$177,608.52	$14,435,417	$1,660,073	102.685	$170,465.38
1995	$17,496,000	$2,012,040	90.744	$182,580.76	$14,738,560	$1,694,934	101.558	$172,133.60
1996	$18,895,680	$2,173,003	86.243	$187,405.82	$15,136,502	$1,740,698	100.045	$174,147.72
1997	$20,407,334	$2,346,843	81.844	$192,074.43	$15,590,597	$1,792,919	98.341	$176,316.86

Neighborhood B
(Static)

	Market Value				CPI CAP Value			
Valuation Year	Total Value	Total Assesse Value	Mill Levy	Tax Dollars	Total Value	Total Assesse Value	Mill Levy	Tax Dollars
1993	$6,000,000	$690,000	100.000	$69,000.00	$6,000,000	$690,000	104.059	$71,800.74
1994	$6,000,000	$690,000	95.335	$65,780.93	$6,000,000	$690,000	102.685	$70,852.98
1995	$6,000,000	$690,000	90.744	$62,613.43	$6,000,000	$690,000	101.558	$70,074.80
1996	$6,000,000	$690,000	86.243	$59,507.51	$6,000,000	$690,000	100.045	$69,030.90
1997	$6,000,000	$690,000	81.844	$56,472.18	$6,000,000	$690,000	98.341	$67,855.08

Neighborhood C
(Declining 2% per year)

	Market Value				CPI CAP Value			
Valuation Year	Total Value	Total Assesse Value	Mill Levy	Tax Dollars	Total Value	Total Assesse Value	Mill Levy	Tax Dollars
1993	$2,500,000	$287,500	100.000	$28,750.00	$2,500,000	$287,500	104.059	$29,916.97
1994	$2,450,000	$281,750	95.335	$26,860.55	$2,450,000	$281,750	102.685	$28,931.63
1995	$2,401,000	$276,115	90.744	$25,055.81	$2,401,000	$276,115	101.558	$28,041.60
1996	$2,352,980	$270,593	86.243	$23,336.66	$2,352,980	$270,593	100.045	$27,071.39
1997	$2,305,920	$265,181	81.844	$21,703.39	$2,305,920	$265,181	98.341	$26,078.07

Summary

	Neighborhood A			Neighborhood B			Neighborhood C		
Valuation Year	Market Taxes	CPI CAP Taxes	% Difference	Market Taxes	CPI CAP Taxes	% Difference	Market Taxes	CPI CAP Taxes	% Difference
1993	$172,500.00	$168,532.29	-2.30%	$69,000.00	$71,800.74	4.06%	$28,750.00	$29,916.97	4.06%
1994	$177,608.52	$170,465.38	-4.02%	$65,780.93	$70,852.98	7.71%	$26,860.55	$28,931.63	7.71%
1995	$182,580.76	$172,133.60	-5.72%	$62,613.43	$70,074.80	11.92%	$25,055.81	$28,041.60	11.92%
1996	$187,405.82	$174,147.72	-7.07%	$59,507.51	$69,030.90	16.00%	$23,336.66	$27,071.39	16.00%
1997	$192,074.43	$176,316.86	-8.20%	$56,472.18	$67,855.08	20.16%	$21,703.39	$26,078.07	20.16%

The three neighborhoods A, B, and C consist of the following:

Neighborhood A - 100 homes with an average value of $150,00 each
Neighborhood B - 100 homes with an average value of $60,000 each
Neighborhood C - 100 homes with an average value of $25,000 each

Neighborhood A is appreciating at the rate of eight percent per year, neighborhood B is static, and neighborhood C is declining at the rate of two percent per year. The three neighborhoods combined must raise $270,250 in tax revenue. For purposes of this illustration, we have used the same total tax revenue for all five valuation years.

Concerns

Appeals

- Current appeal statutes will require amendment to clarify just what is appealable. Would only the current year's market value, forming the basis for it's taxable value with the growth limit applied, be appealable?

- If the previous years taxable or market values are allowed to be challenged, several years of historical market data must be accessible for appeals. This will increase administrative costs by retaining historical market data to be used in appeals.

Tax

- If tax values do not grow proportionately because of the percent growth limit concept, unless spending is reduced mill levies will change to offset the difference and impose the offsetting burden on all properties.

- If the mill levy must be adjusted as a result of the use of the percent growth limit concept, various class' of property will pick up a disproportional share of the increased levies.

Concept

- This process would benefit the property owners in affluent subdivisions with increasing markets. Property owners in older, slow growth areas of the inner city and low income residents in declining neighborhoods, as well as most rural property owners, will see little or no benefit. Ultimately, property owners in slow growth areas will be paying property taxes at a higher percentage of taxes to market value.

- The growth limit percent concept may lead to annual increases in taxable value, even when there is no current increase in market value.

Administrative Process

- The growth limit percent concept will create a number of unique problems for public utility real property. The market value of a public utility is, by statute, developed on a "unitary basis".

- Legislation would be necessary to determine how the growth limit percent concept would be applied or influenced when a property is "split or combined".

- Legislation would be necessary to determine how the growth limit percent concept would be applied or influenced when property changes use and/or class.

- Legislation would be necessary to determine how the growth limit percent concept would be applied or influenced when a property sustained additions, demolition or damage due to natural disaster.

- The current Kansas CAMA system does not have an historical file. Software enhancements to administer the additional years data would be required.

- The current hardware used to operate the CAMA system on the AS400 is sized and configured for storage to handle the current software. Additional storage would be required to hold the additional historical data and resultant appeal computations.

STATE OF KANSAS

TOPEKA

HOUSE OF
REPRESENTATIVES

Thank you Chairman Edmonds, and members of the committee, for allowing us to bring this issue in front of you. HCR 5032 would cap property tax valuation increases on single-family residential property with a valuation of less than $250,000 which is owned and occupied by a Kansas resident that is 65 years of age or older as of January 1st of the tax year. This bill would also allow for the legislature to provide by law for subsequent adjustments to the age and the valuation requirements and to enact such other legislation as is necessary to administer this program.

We bring this issue because of a growing concern over the ever increasing property valuations and the impact that it is having on our seniors, especially those on fixed incomes. The issue of escalating property tax valuations is always a contentious issue with property owners. At almost every legislative coffee or other town hall meeting, we hear elderly homeowners express their concerns about their ability to afford to live in their homes and communities. Because of the tax situation, the future of seniors living in their own homes is in jeopardy. The fact is the increasing property tax burden is forcing seniors to make life altering decisions about where they are going to live based on tax considerations, instead of considering health needs or simply personal preferences.

Over the last five years, Kansans have seen an average increase of thirty seven percent in their assessed valuation. Some counties have seen increases over that time period as high as forty-seven percent. This translates in individual property tax increases of hundreds of dollars. To those on fixed incomes, these increased taxes put strain on an already overly-burdened budget.

Kansas seniors have seen double digit increases in the costs of insurance, prescriptions, utilities and property taxes. These growing costs eat away at any possible increases in benefits and any savings that they may have accumulated during their lives.

There are those that would say that increased valuation is good news to homeowners because their investments are more valuable. That's a good argument for a younger homeowner who wants to move on from a starter home, but it doesn't offer much to a senior who is trying to stay in the home that they have had all their lives. I guess seniors, too, could sell and possibly take advantage of the increases in their property value, but then what would they do and where could they go?

There will also be those that will say that we cannot afford to do this, that the impact on budget would have a negative effect on our school funding. What kind of message are we sending to our children? We are teaching them that it is all right to sacrifice the very generation that has made our communities and our state what it is today.

HCR 5032 may not be the perfect solution. We offer this to start the debate so that we can begin to address the tremendous burden felt by seniors across this state.

Thank you for allowing us to speak on behalf of HCR 5032.

Rep. Lee Tafanelli

Lee Tafanelli

HOUSE TAXATION
Attachment 3
Date 3-17-04

Rep. Kenny Wilk

Kenny Wilk

Testimony On HCR 50322
Elsie Flynn-Meyer
Jefferson County, KS.

HOUSE COMMITTEE ON TAXATION
REP. John Edmonds, Chairman

My name is Elsie Flynn-Meyer

My intention today is to represent the many Senior Citizens who are living on a low income, and are paying high property taxes that continue to increase. You have heard it before and will again, over and over. " Are we going to be taxed out of our home?" It hardly seems fair to reach this age and have to live in fear of this happening. Are we being punished for living longer?

I am a widow, age 70. I live in Jefferson County and I'm a member of the Perry United Methodist Church. I enjoy the people and we work together. I'm part of a group of widow ladies. Their fear of the rising property taxes have become a big concern. When I first read about putting a lid on property taxes, I felt there was a real need for it or hopefully some-thing better.

My story is like every other Senior Citizen, paying more for taxes than we receive in a month. Being widowed, there is only one SS check and for me a small pension from a job I held for 6 years. I have made ends meet by cashing in my small CD's. The interest was next to nothing so the decision to cash in was an easy one. I'm not looking too far in the future, I know and I may be sorry. Things do happen, like some-one hitting my car in the parking lot and left without a note. My cost, $500.00 plus car rental for a week

We widows discovered that everything breaks the first year after our husband has passed away. Not having someone around to fix it, we pay, and pay. The yard needs mowing and you guessed it-the mower won't start.

I had written a page of facts and figures, but after visiting with my friend Guilia, I have to tell her story. Guilia became a widow in 1990. She has taken good care of her home and yard. Her husband added on the home as time went on. The assessed value in the year 2003 was$150,000. This year it became $10,540.00 more, the total being $161,040. Her increase in property taxes totaled more than $400.00 for a grand total of $2140.84. Shocking to say the least. Sleeping nights have become restless. The worry is needless and so unfair.

Why do Senior Citizens need to increasingly pay at a time in their lives when they can least afford it; Because we are living longer, the Government should take a good look at the situation and make our retirement years less stressful. Putting a lid on what we now have to pay will not make it any easier for a lot of us on our limited income.

Please, please do something. I appreciate the opportunity to speak and to share our story.
Thank you.

Elsie Flynn-Meyer

HOUSE TAXATION
Attachment 4
Date 3-17-04

Testimony on HCR No. 5032
Melville W. Gray, (Ret.)
Jefferson County, Kansas

House Taxation Cor[illegible]ee
Rep. John Edmonds, [illegible]rman
17 March 2004

I am Melville W. Gray. I appreciate the opportunity to testify on HCR 5032 because I believe it to be very important to the senior citizens of Kansas. In past years, I have always been amused to hear "old timers" tell a story and relate with reference to "now back in the good old days", or "in the blizzard of '86' it was like this", all referring to incidents over 100 years ago. Now I can relate to "back in 86", because 1986 was the year I retired. Fran and I retired to our rural home in south central Jefferson County never envisioning the pitfalls of the economy that were going to face us. The every increasing real property tax based on market value of our home, was but one of many factors to make us "economically challenged". The implementation of the provisions of HCR 5032 could be a welcome segment of relief to a majority of retirees over age 65 and those that will follow.

I would like to briefly list a few of the other contributing economic drains that are occurring on retirees.

1. Nearly all retirees have an automatic 7% additional tax increase on their retirement income – SALES TAX.
2. General cost of living increases reflect in Social Security checks that increase each year in accord with the Consumer Price Index. The checks are increased by 2% or 3% but do not reflect all cost increases.
3. In parallel with cost of living increases, very few retirees have received an increase in income. The Social Security increases have been mostly eaten by the increased cost of Medicare. Retirees have basically had a stagnant income over the years since 1990. Many have had a decrease in income if part of that income was derived from investments. The 911 incidents and following years have been a real financial loser.
4. If you are driving the Turnpike to see one of your doctors, even the Turnpike fees have increased significantly. And if you think the price of gasoline hasn't increased, think again. It is about doubled now as opposed to 1990.
5. Health care costs are about to kill us. The state sponsored secondary health care insurance (paid totally by retirees) has doubled in cost over the past five years alone – year 2004 it is $632 per month for retiree and spouse. My neighbor lady was in her doctors office just this month and overheard two ladies talking. The one lady was a state retiree and indicated the state sponsored health insurance had increased this year to the point she had to drop it and go to a general Blue Cross policy because the cost of the state policy exceeded the total amount of her retirement check. As a result, she was only taking one-half of her blood pressure medicine. This is just asking for a stroke to happen and then the woman will be on Medicaid with public funds paying for all her care. There are between 25,000 and 26,000 public service retirees from state, city, county, and school districts that could not pay for this secondary health insurance for a retiree and spouse with their entire KPERS retirement check. They are not getting the kind of health care they deserve.
6. I could go on with examples of economic stress that are imposed on our seniors but it is necessary to get to the meat of HCR 5032. I am editor of a News Letter to a group of retirees and in May of 2002 I wrote an article from which I take the following. "Earlier this year (2002), the Mayor of joint city-county govt. in KC-Wyandotte Co. made a classical announcement. She told the public "I have good news and bad news. The good news is our property valuation is going up significantly (the bldg. Boom associated with the NASCAR track). The bad news is our property taxes are going up significantly because of this." Of course the property taxes are going to go up unless the mill levy is appropriately reduced. Think what this is going to do to the working man that has retired and expects to live out his life in the house that is paid for. Every year that goes by, he is stressed by the myriad of increased economic costs partially listed above.

The following Table – **Residential Real Property**, traces the short but devastating history of the annual property tax assessed in four counties (Wyandotte, Douglas, Shawnee, and Jefferson) that were arbitrarily chosen, but making sure my own county was there so I could verify conclusions.

The basis for development was as follows:

A. All figures relate to a home with an assumed market value of $100,000 in year 1990.
B. The market value and assessed valuation of the home does not increase from this point in accord with HCR 5032.
C. The annual property tax will increase or decrease only in relation to the assessed mill levy.

HOUSE TAXATION
Attachment 5
Date 3-17-04

Of interest is looking at the Mill Levy. In each county there appears to be a "politically correct" philosophy in the adjustment of the Mill Levies which have been deceptively maintained at no increase or even a decrease. With one exception, the increase is negative or at most a 1.8% increase but the assessed valuation is out of sight and increased tax monies roll into the coffers. A residential home value has increased by over 200%. A $50,000 home in 1990 Jefferson County, will have a market value of $103,180. The example $100,000 home now has a market value of $207,130 and a tax load of over $2800.

It should be obvious the savings provided for in HCR 5032 can be significant relief to the worker expecting to spend the rest of his life at **home** and is not looking to sell at a profit and look for another home in unfamiliar surroundings.

The provisions of HCR 5032 is highly endorsed for its deserved benefits. Many other states have instituted similar tax relief for retirees. Those I know of are Oregon, Washington, Oklahoma, and I believe Texas. This relief could provide payment for several more prescriptions each month.

It should be recognized this Legislature has been requested to increase both the property tax and sales tax. Without HCR 5032, the senior citizens will suffer both tax stresses.
I just received my assessed valuation notice for year 2004. It has increased by 23% over 2003.

Residential Real Property
Comparison of Property Tax Paid By Retirees Without & With
Valuation Cap As Provided In HCR No. 5032, Session Of 2004.
Calculations assume a starting residential property with a 1990 valuation of $100,000.& in conformance with proposals of HCR 5032 & the With Cap column is carried forward at that valuation without increasing.

Year	County	Average County-Wide				Annual Property Tax on $100,000 home based on Assessed Valuation & uniform appraisal	
		Mill Levy $/$1000 Valuation	% Change Mill Levy	Assessed Valuation Millions of Dollars	% Change Assessed Valuation	Without Cap	With Cap
1990	Wyandotte	$161.42		$567.		$1937.	$1937.
			+10.6 %		+4.6 %		
1995		$178.55		$593.		$2148.	$2053.
			- 11.4 %		+67.5%		
2003		$158.14		$993.		$3186.	$1819.
1990	Douglas	$120.93		$341.		$1451.	$1451.
			-3.8 %		+42. %		
1995		$116.39		$484.		$1901.	$1338.
			-9.9 %		+85. %		
2003		$104.83		$896.		$3166.	$1206.
1990	Shawnee	$152.81		$777.		$1833.	$1833.
			-2.08 %		+12. %		
1995		$149.62		$874.		$1927.	$1720
			-11.6 %		+48. %		
2003		$132.28		$1,293.		$2522	$1521.
1990	Jefferson	$117.02		$58.		$1404.	$1404.
			+1.8 %		+34.5 %		
1995		$119.11		$78.		$1846.	$1370.
			+0.27 %.		+54. %		
2003		$119.43		$120.		$2842.	$1373.

SEAK

STATE
EMPLOYEE
ASSOCIATION
KANSAS

Testimony to the House Taxation Committee by Jan O. Sides State Employees Association of Kansas March 17, 2004 Regarding HCR 5032–Property Tax Relief for the Elderly

Mr. Chairman and members of the Committee, thank you for the opportunity to furnish testimony regarding the possibility of providing property tax relief to seniors citizens. My name is Jan O. Sides, and I am with the State Employees Association of Kansas (SEAK).

We have all heard horror stories about the financial difficulties of many of our senior citizens–do they pay the gas bill, buy food, or buy Rx drugs. We are not going to go into detail about this, since we are sure that you have heard many such stories from your constituents.

Using retirees under the KPERS system as an example, we know they have not received any increases in benefits for five (5) years from KPERS, if they are under the state Health Care Program they have experienced significant increases in premiums, and if they invested in a tax sheltered program or stocks they have seen their savings dwindle. Many on Social Security saw their increase this year over shadowed by the increase in their Part B Medicare premium. Basically everything cost more today–and yet many seniors live on a fixed income if not a shrinking income.

Each year they see an increase in the valuation of their property and/or an increase in property taxes. The proposal before you today is a tool to help these people. It will help some more than others. But one of the things we keep hearing is "every little bit helps".

We appreciate you considering this proposal and encourage you to pass this resolution.

Thank you for you time and consideration on this issue. I stand for questions.

HOUSE TAXATION
Attachment 6
Date 3-17-04

PO Box 5110 Topeka, KS 66605-011 0 Phone: 785-267-1515 Fax: 785-379-95

Jayhawk Area Agency on Aging, Inc.

Maria C. Russo
Executive Director

1720 SW Topeka Blvd
Topeka, Kansas 66612
Phone (785) 235-1367
Fax (785) 235-2443

House Concurrent Resolution No. 5032

Testimony by Maria Russo, Executive Director
Jayhawk Area Agency on Aging

March 17, 2004

"Home is where the heart is. For Midwesterners, more so than for residents of any other region, that home is often their very own. According to the Census Bureau, every state in the Midwest boasts a home ownership rate above the national average of 66.2 percent."[1] The home ownership rate in Kansas is 69.2 percent.

This resolution supports the work of the area agencies on aging – to help seniors live independent and dignified lives. Our primary focus is on those seniors who are the lowest economic levels and who are the most frail.

The eleven area agencies on aging throughout Kansas all work to help seniors remain in their homes. In the past year, Jayhawk Area Agency on Aging assisted more than 7,000 seniors – assisted them with in-home services paid for with state and federal funds and assisted them in accessing other community services that are not part of the state and federal network.

Many seniors are on fixed incomes and challenged by rising costs, most notably for prescriptions and health care. Reducing their tax obligation will help them to better deal with these other concerns.

Support of this resolution is offered because it will assist seniors in maintaining their independence in the community a bit longer by extending their financial resources. Anything that can delay nursing home care is a benefit to the state.

HOUSE TAXATION
Attachment 7
Date 3-17-04

[1] Midwest Living, April 2004, p. 14 Snapshot: Heartland Home Ownership

The average cost of nursing home care in Kansas is $30,000 per year.[2] The average length of stay in a nursing home until Medicaid is paying the bill is just over one year. Medicaid, supported by state and federal taxes, pays the bill for approximately two years.[2] All avenues that reduce time spent in a nursing home are beneficial to the state.

The inclusion of the ability to adjust the age and the valuation requirements is appreciated. What seems relevant in today's discussion or in a particular part of the state may not be relevant to another time or place. Income requirements would allow this change to support those who are most vulnerable to the hardship caused by valuation increases.

As long as seniors are in the community, they are contributing to the well being of the community and the state by being consumers and participants. Seniors want to stay in their homes as long as possible. Helping them to do that is not only a good thing to do, but also is the right thing to do.

---

[2] Kansas Department on Aging

House Taxation Committee
HCR 5032 - March 17, 2004

Mr. Chairman, members of the House Taxation Committee, I am Jim Snyder of the Council of the Silver Haired Legislature. I am appearing this morning in support of HCR 5032.

Across the state, many senior citizens have been seeing both new schools and their property taxes go up, up, up. As a result, some house-rich but cash-poor seniors are faced with a difficult dilemma. While most senior citizens support better education for their community's youth, they are torn between the new schools in their neighborhoods and their rapidly increasing property taxes. Should they oppose education or get ready to move out of their long-time home? For many Kansans this is no exaggeration. The National Commission on Affordable Housing and Health Facility Needs for Seniors calls this the "quiet crisis" that is looming for America's seniors as the population ages and the availability of affordable housing for them becomes gradually unaffordable.

When we purchase a home and struggle for the next 30 years to pay for it we assume that by age 65, it is ours – free and clear – or is it? I have a friend who bought his house in 1966, and paid $35,000 for it. By 1977 it was on the tax rolls valued at $100,000 and by 2004 its valuation was up to $150,000. Our elected officials have claimed to be holding the line on taxes for the past 20 years at their rate of $.50 per $100 valuation. In 1966 his property taxes were a meager $325. By 2004 his property taxes were up to $5000. This is a 360% increases in taxes alone over the 30 year life of his mortgage.

In my case, my home has increased in appraised value more than 100% and my property taxes have increased more than 150%....and my income has decreased since my retirement.

For those Senior Citizens now depending on their Social Security checks each month, this takes a real hunk out of their available funds. I am told that one concern that has been expressed if such an act were adopted is that it might slow down the real estate market because people would not be selling their houses as frequently. I would submit that such a concern, is itself stark evidence of the forced sale of senior housing that is currently taking place. Increasing costs of health care and prescription drugs hit senior citizens out of all proportion to their numbers. Older Kansans should not also have to worry about losing their homes as a result of "back door" taxation in the form of increased valuation and assessment of their homes.

HOUSE TAXATION
Attachment 8
Date 3-17-04

All taxes are unpopular but voters correctly perceive that property taxes have no relationship to income, so that struggling families, middle-class neighbors, affluent neighbors and seniors on fixed income all pay at about the same rate--but definitely at different amounts. Prohibiting valuation increases on homes of Kansas citizens 65 years of age or over is a good idea, though not altogether a new idea. Several states including New Jersey, Texas, Illinois, Pennsylvania, Georgia, California, Arizona and New York, among others, are considering, have adopted or are in the process of implementing some form of this proposed legislation.

However, it as idea whose time has come...and it should come to Kansas. Older Kansans should not have to worry about losing their home or saving account because property taxes continue to take a bigger bite out of their pension or Social Security checks.

I urge your support.

Jim Snyder
343 SW Elmwood
Topeka, KS 66606 rsnyder409@aol.com

THE KANSAS AREA AGENCIES ON AGING ASSOCIATION

Meeting the Needs of Older Kansans

1720 SW TOPEKA BOULEVARD • TOPEKA, KS 66612 • 785-235-8734 • FAX - 785-235-8747

To: House Taxation Committee
From: Craig Kaberline, Executive Director, Kansas Area Agencies on Aging Association
Date: March 16, 2004

Testimony in Support of House Concurrent Resolution 5032

Representative Edmonds and members of the committee, thank you for this opportunity to appear before you today to provide testimony regarding HCR 5032. My name is Craig Kaberline and I am the executive director of the Kansas Area Agencies on Aging Association (K4A). K4A's mission is to work to improve services and supports for all older Kansans and their caregivers. K4A represents all eleven Area Agencies on Aging (AAA) who coordinate services for seniors in all 105 counties of Kansas.

I appear before you today in support of House Concurrent Resolution 5032, which by law would prohibit valuation increases on single-family residential real property with a valuation of less than$250,000 which is owned by and the principal place of residence of Kansas residents who are 65 years of age or older as of January 1 of the tax year.

K4A believes this is an important piece of legislation for Kansas seniors, especially those seniors on a fixed income. It would benefit many seniors on fixed incomes who continue to experience significant increases in their property values. There are seniors who bought their modest home years ago in places like Johnson County and are now struggling to stay living in these homes. They aren't necessarily fancy homes just modest homes whose value has continued to rise rapidly because of the growth of the area around them.

This is not just happening in Johnson County, it is happening in many areas of the state. The rising property valuations and property taxes are hurting many homeowners but in particular Kansas' senior population.

This legislation is not a new idea. Legislation similar to HCR 5032 has been passed in several states including New York, New Jersey, Washington, and Oregon. Attached to my testimony is information from the program in the state of Washington. Legislation similar to this bill is also being considered in several more states including Missouri.

This legislation would not keep seniors from paying property taxes; instead it would cap the property valuation at its current level. I believe this legislation is good public policy and good for Kansas seniors.

I thank you for your commitment to Kansas seniors. I ask for your support of House Concurrent Resolution 5032.

HOUSE TAXATION
Attachment 9
Date 3-17-04

Washington State Department of Revenue

Property Tax Exemptions
for Senior Citizens and Disabled Persons

PROPERTY TAX EXEMPTIONS FOR SENIOR CITIZENS AND DISABLED PERSONS

If you are a senior citizen or if you are disabled, Washington has two programs that may help you to pay your property taxes and/or special assessments. Your household income and your age or disability determine your eligibility for both programs.

This publication provides a basic description of the property tax exemption program for senior citizens and persons with disabilities. *See the fact sheet titled Information on Washington's Tax Structure—Property Tax Deferrals for Senior Citizens and Disabled Persons* for more information on the deferral program. This fact sheet is current at the time of publication, however, future law changes may make some of this information incorrect. This material is intended for general information purposes, it does not alter or supersede any administrative regulations or rulings issued by the Department of Revenue.

The Senior Citizen and Disabled Person Property Tax Exemption Program freezes the value of your residence, exempts all excess levies, and may exempt a portion of regular levies. This results in:

1. Freezing the value of your residence as of January 1, 1995 or January 1 of the initial application year, whichever is later, and
2. Providing you with a reduction in your property taxes.

The assessor will continue to establish the market value of the property, however, you will only be billed for the taxes on the frozen value.

ELIGIBILITY REQUIREMENTS

You must be at least 61 years old on December 31 of the year in which you apply, or

You must be unable to work because of a physical disability. As proof of disability, you must send a doctor's statement with your application.

The exemption is available for your principal home and up to one acre of land. A mobile home may qualify as your residence, even if you do not own the land where the mobile home is located.

The property must be your principal home at the time you apply for the exemption. You must occupy the home for at least six months each year.

Your residence may qualify even if you are temporarily in a hospital or nursing home. You may rent your residence to someone else during your hospital or nursing home stay, if the income is used to pay the hospital or nursing home costs.

Property used as a vacation home is not eligible for the exemption program.

You must own the home for which the exemption is claimed, either in total (fee owner), as a contract purchaser, mortgagee, deed of trust or as a life estate (including a lease for life). If you transfer your home under a revocable trust agreement, you must retain the full use of the property and be able to revoke the trust and take ownership at any time. Irrevocable trusts qualify, if they can be deemed a life estate.

A home owned by a married couple or by co-tenants is considered owned by each spouse or co-tenant. Only one person must meet the age or disability requirement.

If you share ownership in a cooperative housing unit and your share represents the specific unit or portion where you live, you will be eligible for the exemption on your unit.

If your primary residence or the land under your primary residence is owned by a government entity, you are eligible for a comparable exemption, if you meet the minimum qualifications.

Your annual household income may not exceed $30,000. If your household income is between $30,000 and $34,000, you may qualify for the deferral program. *See the fact sheet titled Information on Washington's Tax Structure—Property Tax Deferrals for Senior Citizens and Disabled Persons* for more information about the program.

Household income includes your disposable income, that of your spouse, and any cotenants. A cotenant is a person living in your home who also has an ownership interest. Household income does **not** include:

- The income of a person, other than a spouse, who does not have ownership interest and lives in your home. However, the application must show any income the person contributes to the household, or

- The income of a person who has ownership interest and lives elsewhere. However, if someone living elsewhere has any ownership interest, the amount of your exemption will be based on the percentage of **your** interest in the property.

COMPUTING DISPOSABLE INCOME

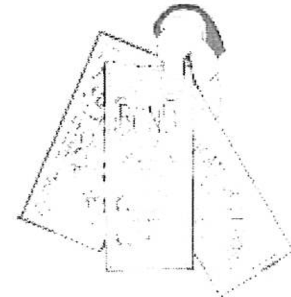
The maximum amount of annual income you may receive to qualify for the exemption is $30,000. The disposable income you receive during the year you apply determines your eligibility. (The assessor will require proof of income.) Disposable income includes all sources, whether or not they are taxable for federal income tax purposes. Losses and depreciation may not be deducted. Some of the most common sources of income include:

- Wages, salaries, and tips.

- Social Security benefits.

- Railroad retirement benefits.

- Pension and annuity receipts, including retirement bonds, Individual Retirement Accounts, and distributions from Keough plans. An annuity is a payment of a fixed sum of money received at regular intervals. Some examples of annuity payments include unemployment compensation, dis-



ability payments, and welfare receipts (excluding amounts received for the care of dependent children).

- Interest and dividend receipts.
- Business income. Depreciation and business losses may not be deducted.
- Rental income. Depreciation and rental losses may not be deducted.
- Capital gains.

If you were retired for two or more months during the application year, your household income will be computed by multiplying the average monthly disposable income received during the months you were retired by twelve. If your spouse died before November 1 of the application year or you have a significant change in income that is expected to last an indefinite period of time, your household income is computed by multiplying the average monthly disposable income, after the occurrence, by twelve.

To determine your disposable income, you may take deductions for the following:

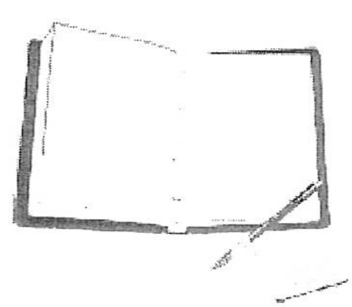
- Capital gains you receive from the sale of your principal residence, IF the gain is reinvested in a replacement principal residence.
- Non-reimbursed amounts you pay for your spouse, yourself, or cotenant to live in a nursing home.
- Non-reimbursed amounts paid for prescription drugs for yourself, your spouse, or cotenant.
- Non-reimbursed amounts you pay for goods and services that allow you, your spouse, or cotenant to receive in-home care. The care received must be similar to the care provided by a nursing home.
- Medical treatment, physical therapy, Meals on Wheels (or similar meal delivery service), and household and personal care. Personal care includes assistance with preparing meals, getting dressed, eating, taking medications or areas of personal hygiene.
- Special furniture and equipment, such as wheelchairs, hospital beds, and oxygen.

When your annual income for the application year is $30,000 or less, your home will be exempt from all excess or special levies. Excess or special levies are in addition to regular levies. They require voter approval and provide money for a specific purpose, such as school bonds and maintenance and operation levies.

In addition, when your income is $24,000 or less, a portion of the regular levy amount may be exempt. These exemptions are:

- When your household income is $18,000 or less, you are exempt from regular levies on the first $50,000 or 60% of your home's assessed value, whichever is greater.

For example, if your household income is $12,000 and the assessed value of your property is $150,000, the taxable value of your property is $60,000 ($150,000 - $90,000 = $60,000). 60% of $150,000 ($90,000) is greater than $50,000.



- When your household income is between $18,001 and $24,000, you are exempt from regular levies for $40,000 or 35% of the assessed value, whichever is greater, not to exceed $60,000 of assessed value.

For example, if your household income is $19,000 and the assessed value of your property is $150,000, the taxable value of your property is $97,500 ($150,000 - $52,500 = $97,500). 35% of $150,000 ($52,500) is greater than $40,000, but less than $60,000.

EFFECTIVE DATE

The effective date of the exemption is the date the taxes are paid.

If you pass away before the taxes are paid, the taxes will be recalculated without the exemption. Your surviving spouse may continue to receive the exemption if he or she is at least 57 years old and meets all the other eligibility requirements.

If you sell your home before the taxes are paid, the exemption will continue through your period of ownership, provided you pay the portion of taxes owing for your period of ownership and the new owner pays the portion of taxes for his/her period of ownership. If the new owner pays the entire amount, the taxes will be recalculated without using the exemption.

If you sell, transfer, or are otherwise displaced from your residence, you may transfer the exempt status to a replacement residence. However, you may not receive an exemption on more than the equivalent of one residence in any year. When an exemption is transferred to a new residence, the value of the new residence is frozen as of January 1 of the year of change.

If you are moving to Washington, you may transfer an exemption from another state to your new Washington residence, providing you meet all other eligibility requirements and provide proof of the exemption.

HOW TO APPLY

Your county assessor administers this program. Applications are available from that office.

You may apply for the exemption program during the year before the year the taxes are due and payable. For example, if you want an exemption for taxes due in 2003, you must apply no later than December 31, 2002, using your 2002 income.

When your application is filed after the deadline, you must use the income from the same year as you would have, if you had filed your application on time. For example, you would use 2001 income, for a 2001 application to receive the exemption from the 2002 taxes.

If you have paid prior years' taxes because of a mistake, oversight, or a lack of knowledge, you may apply for a refund by filing an application for refund with the county assessor. You must file the application within three years of the dates the taxes were paid. Refunds will **not** be made beyond the three-year period.

After approval, the exemption applies until a new application is required. This happens:

- At least once every four years (you will be notified by the county assessor), or
- When you sell your property and move to a new home.

You must file a Change of Status report with the assessor's office if changes in your income or living circumstances affect the exemption.

Change of Status reports are available from your county assessor.

APPEAL PROCESS

The county assessor must notify you if your application is denied. You may appeal the assessor's decision to the County Board of Equalization. The County Board of Equalization must receive your appeal by July 1, or within 30 days of when the denial notice was mailed, whichever date is later.

FOR MORE INFORMATION

If you have any questions regarding the property tax exemption for senior citizens or disabled persons, contact your local county assessor's office at the telephone number listed in the blue pages of your telephone book.

Or you may contact:

State of Washington
Department of Revenue
Property Tax Division
Post Office Box 47471
Olympia, Washington 98504-7471
FAX (360) 586-7602
Telephone: (360) 570-5867

If you would like to inquire about the availability of this publication in an alternate format for the visually impaired, call (360) 486-2342. If you are hearing impaired, please call 1-800-451-7985 for assistance through our Teletype (TTY).

LAWS AND RULES

Revised Code of Washington (RCW) Chapter 84.36—Exemptions (Property Tax)

Washington Administrative Code (WAC) Chapter 458-16.—Senior Citizen/Disabled Persons Property Tax Exemptions

The Department of Revenue will provide copies of specific laws and rules, upon request. Please call our Telephone Information Center at 1-800-647-7706 for this service.

KANSAS TAXPAYERS NETWORK
P.O. Box 20050
Wichita, KS 67208
www.kansastaxpayers.com
316-684-0082
FAX 316-684-7527
17 March 2004

Testimony Supporting HCR 5038

There is a property tax problem that is growing every year as the tax appraisals increase the amount of money that can be generated from Kansas property taxes. This is a problem that has existed for well over a decade and I have spoken to this committee and to the senate tax committee repeatedly about this problem. Kansas' high property taxes hurt this state's economy and our competitiveness.

Seniors and other folks whose incomes are not growing as fast as their tax appraisals are among those who are primarily being hurt by this system. HCR 5038 would exempt 50% of the first $200,000 of appraised value of residential property owned by Kansans 67 years of age and older.

These citizens need and deserve property tax relief. However, Kansas Taxpayers Network (KTN) believes that ALL Kansas property owners need and deserve relief from rising tax appraisals. In the past KTN has testified in support of capping appraisal increases to inflation, to a set percentage each year, to rolling back the mill levy in a revenue neutral way, and other concepts to limit property tax growth.

This proposal along with HCR 5032 which is similar (age 65 and $250,000 valuation limit) suffer from the fact that it would set up two classes of residential property owners in Kansas. It would also provide another form of separation from all other classes of taxable property including agricultural land, utility and commercial property.

KTN's position is that all Kansas property taxpayers need tax relief, not just one class of taxpayers. The most recent study by Kansas Inc. on state taxes released earlier this year indicated that Kansas taxes on business property was the highest in our five state region and second highest on residential property. This property tax data vividly indicate the need for some limits to be placed on the property tax system in general and tax appraisal hikes in particular.

Enactment of this amendment in this current form is likely to lead to additional tax shift problems with future pressure being placed on non-residential property and residential property of folks 67 and younger.

This proposal would address a portion of the tax appraisal problem in Kansas but it does not provide a broad based solution for all taxable property. A broad based solution is needed since the current system is leading to excessive property tax growth. HCR 5038 begins to address this problem but a broader, more comprehensive approach that will help all taxpayers and improve our overall competitiveness is needed.

HOUSE TAXATION
Attachment 10
Date 3-17-04

KANSAS
ASSOCIATION OF
COUNTIES

Testimony concerning HCR 5032,
HCR 5031, and HCR 5038
House Taxation Committee
March 17, 2004
Presented by Randall Allen, Executive Director
Kansas Association of Counties

Mr. Chairman and members of the committee, my name is Randall Allen, Executive Director of the Kansas Association of Counties. Thank you for the opportunity to present testimony on House Concurrent Resolutions 5032, 5031, and 5038. On behalf of our member counties, the Kansas Association of Counties expresses its opposition to all three constitutional amendment proposals, which preclude residential property valuation increases above some artificial level, either 1) for a special population group, e.g. persons 65 and older (HCR 5032), 2) for all residential property above a "to-be designated" maximum increase (HCR 5031); or by way of exempting 50% of the first $200,000 in residential real property valuation from property taxes (HCR 5038). We object to all proposals for the same basic reasons, as follows:

1) Limiting the growth in appraised valuation of real estate to a cap established by legislative enactment would in no way guarantee lower taxes. If values are normally increasing and are not allowed to increase at a rate suggested by market forces, county clerks would merely set higher levies (expressed in mill levy rates) to compensate for the relatively lower aggregate property values based on counties' legally adopted budgets – all other factors being equal. There is a common misperception that county commissioners set tax rates. In reality, county commissioners and other locally elected governing bodies adopt budgets while county clerks set tax rates. If a goal of imposing a cap on growth in appraised value is to somehow limit taxes or spending, this proposal **does not** accomplish this goal.

2) Our second concern about this proposal is the inequity that it would create between and among parcels. For example, if the fair market value of one property increases from $100,000 to $106,000 in a year's time (i.e. a 6% increase) while a property across town increases from $100,000 to only $102,000 in a year's time (i.e. a 2% increase), and assuming there is a cap in the annual valuation growth of 3%, **why** should the owner of the second property pay taxes at an inevitably higher mill levy rate stemming from artificial caps on the growth in appraised values, when that burden should be borne by the first taxpayer and all other taxpayers who are in the same circumstances? As a result of an artificial limitation, the tax burden would merely shift from more rapidly appreciating properties to older, established properties which are stable or decreasing in value. A shift would also likely be directed to commercial properties assessed at higher rates, and to personal property taxes.

After experiencing years of neglect in our property tax administration system in the 1960s, 1970s, and 1980s, county commissioners and state officials expended the fiscal and political capital to make our system better. It is not

6206 SW 9th Terrace
Topeka, KS 66615
785•272•2585
Fax 785•272•3585

HOUSE TAXATION
Attachment 11
Date 3-17-04

perfect, but it is infinitely better than it was before property values were revisited on an annual basis. We urge the committee to refrain from presenting this proposed constitutional amendment to the voters. Let the values reflect reality as nearly as possible. Thank you.

The Kansas Association of Counties, an instrumentality of member counties under K.S.A. 19-2690, provides legislative representation, educational and technical services and a wide range of informational services to its member counties. Inquiries concerning this testimony should be directed to Randall Allen or Judy Moler by calling (785) 272-2585.

LKM
League of Kansas Municipalities

300 SW 8th Avenue
Topeka, Kansas 66603-3912
Phone: (785) 354-9565
Fax: (785) 354-4186

Date: March 17, 2004

To: House Committee on Taxation

From: Larry R. Baer
Assistant General Counsel

Re: HCR 5031 5032 and 5038 - Testimony in Opposition

Thank you for allowing me to appear before you today on behalf of the League of Kansas Municipalities and its member cities to present testimony in opposition to HCR 5031, 5032 and 5038.

In order to maintain fair and equal taxation, the League supports appraisals based upon fair market value. If a valuation cap or limitation is imposed, fair market value is no longer the measuring stick for residential property valuations. A valuation cap or a valuation limitation artificially decreases the appraised value of property, and, consequently, the assessed valuation. When the valuation of one type of property decreases, the tax burden shifts to other types of property. Stated another way, business and commercial property must generate more taxes to make up that which is lost on residential property. In counties and school districts, this shift of tax burden would also include agricultural property.

This type of legislation does not reduce property taxes. It merely shifts the tax burden.

Many of you remember the morass of valuation issues that existed prior to state wide reappraisal and reclassification in the late 1980s. A valuation cap or limitation would soon have values of residential properties just as skewed with reality as we saw prior to reappraisal. This would result in the inequitable shifting of property taxes from some or all residential property, depending upon the way the legislature forged the limitation or cap, to business and commercial property. In counties and school districts, this shift of tax burden would also include agricultural property.

Please remember, that property tax is one of the three legs of the stool that supports local government finances. Sales tax and demand transfers being the other two legs. The demand transfer leg has been dramatically shortened in the past two years. Legislation as proposed by HCR 5031, 5032 and 5038 has the effect of trimming on the property tax leg of the stool. It truly is time that we take a long hard look at where funding and revenues for local government is going to be coming from as we go forward in the 21st century.

The League adamantly opposes any amendment to the Kansas Constitution that alters the current fair market value approach to valuing residential property or that would place any cap or limitation on increase of valuation for residential property. The League requests that you reject HCR 5031, 5032 and 5038.

Thank you for your consideration of this matter. I will stand for questions when appropriate.

HOUSE TAXATION
Attachment 12
Date 3-17-04

KANSAS NATIONAL EDUCATION ASSOCIATION / 715 SW 10TH AVENUE / TOPEKA, KANSAS 66612-1686

Mark Desetti, Testimony
House Committee on Taxation
March 17, 2004
HCR 5032, HCR 5031, HCR 5038

Mr. Chairman, members of the committee, thank you for the opportunity to appear before you to speak on the three proposed constitutional amendments under consideration today. I am here today representing both Kansas NEA and the Kansas Association of School Boards.

As legislators you have a very difficult task – you've got to make the tough decisions. That's what you were elected to do. And you must balance the needs of the state with the reluctance of all people to pay for those needs.

Let's face it, no one likes to pay. We don't like to pay for anything. I wish I could get an Armani suit for the cost of a pair of Lee jeans and a tee shirt. But I can't. And while I demand state, city and county services, I wish someone else would pay for them. I am delighted to have law enforcement protecting my property and family. I am most appreciative that the fire department is there if I need them; that my children can use the public library and parks; that I can get from one end of Kansas to the other over smooth roads and highways. I find it comforting to know that there are services for the elderly, the disabled, and those without work. As the parent of four children, I am especially grateful for the top quality schools and colleges that are available to them. I just wish someone else would pay for it all.

But it's my duty to pay for those services and I pay for them with my taxes. As a taxpayer, I look to the legislature to find ways to provide all of those services efficiently while ensuring that they are all top quality.

Whenever there is a drop in tax revenue, you are left with the worst choices of all. You must decide where to make painful cuts in services that Kansans have come to expect and enjoy. This is exactly what you all have had to wrestle with for several years now as you deal with an economic downturn and the impact of a series of tax cuts made in the 90's.

The proposals before you today will cut revenue but you know that the need for law enforcement, fire protection, schools, and support for our most vulnerable citizens will not go away just because there is no money. Legislators, city and county commissioners, and local school boards will either cut services or raise mill levies. There is no way around it.

Simply put, this is not the time to be slashing taxes. We urge you to reject all three of these resolutions.

HOUSE TAXATION
Attachment 13
Date 3-17-04

Telephone: (785) 232-8271 FAX: (785) 232-6012

STATE OF KANSAS

DOUG GATEWOOD
REPRESENTATIVE, 1ST DISTRICT
HOME ADDRESS: P.O. BOX 306
COLUMBUS, KS 66725
(620) 429-3690

OFFICE ADDRESS: STATE CAPITOL, SUITE 302-S
TOPEKA, KANSAS 66612-1504
(785) 296-7686

COMMITTEE ASSIGNMENTS
MEMBER: APPROPRIATIONS
AGRICULTURE

HOTLINE NUMBER: 1-800-432-3924
SPEECH/HEARING IMPAIRED: (785) 296-8430

TOPEKA

HOUSE OF
REPRESENTATIVES

March 17, 2004

Thank you Mr. Chairman and committee members for allowing me to testify on HCR 5031.

HCR 5031 and a companion resolution SCR 1620, heard this past Monday in the Senate Ways and Means committee, would allow an amendment to the Kansas constitution that would allow the State Legislature the ability to control increases in residential property valuation throughout the state.

Mr. Chairman, having served on this committee for four years, I heard of this problem in each of those four years and have not seen any stabilization of property values or any increases consistent with cost of living increases in other essential commodities. This resolution, if passed by the legislature and the citizens of Kansas, will not limit the legislature by controlling the growth in only a limited area of residential valuation such as HCR 5032, which limits the control on only property owned by senior citizens.

HCR 5031 would allow the legislature to do a serious study and debate of the property valuation system and empower the legislature to change the system to reflect economic growth or use a methodology that controls increases in valuation but does not limit local taxing jurisdictions.

Mr Chairman, HCR 5031 would be a step in the right direction for more truth in taxation.

HOUSE TAXATION
Attachment 14
Date 3-17-04

My name is Aaron Williams. I am 31 years old. I have a lovely wife, two children, and one on the way.

I live on a neat, clean, 40 acre farm in rural Southeast Kansas. I share crop, custom bale, small square bales of alfalfa and Bermuda hay. I fabricate steel buildings, do concrete work and run a dozer. Everything I have, I have built with my own hands!! No one gave me a thing!

In 1993, I started a business with $1,500 and a $240.00 a month tractor payment. I worked day and night to chase the American dream of owning my own farm. I was so proud of all our accomplishments. We had accomplished everything we had worked so hard for!! We owned our own farm, our own equipment and my wife has stayed home to raise our children just as we had planned. Our next goal was to build a house that we had been saving for many years. Then cometh the tax man!!!

When your state chosen man serving in his 5th county moved our way he crushed our dreams with inflated appraisals and authoritarian attitude with the law as his hammer!!

Because of increased appraisals, this is how my life has changed.

1) We have sold the equipment we have owned.
2) We have downsized our company and laid off employees.
3) We have stopped plans for a new hay barn.
4) We have taken the money we have saved for the house and remodeled Our apartment in a rectangular steel building that was only going to be A temporary means for the hope of a new house.

HOUSE TAXATION
Attachment 15
Date 3-17-04

Recently, our property was re-evaluated (summer of 2003). But February 2004 after being involved in county concerns on taxation our county appraiser paid my wife a "friendly" visit. He said he had noticed, while driving by, that I had made improvements on the inside of my building. This seemed strange so my wife called me on the job and I asked her to have him call me. His attitude was not becoming a government official. Later I received calls from the appraisers office on how he had bragged on "getting to me". At this point, I felt threatened by my local government because of my voluntary concern for our counties taxes. I thought the government was by the people and for the people and about life, liberty, and the pursuit of happiness.

I recently inquired information on my upcoming years taxes. They will also be increased again. I asked our appraiser about this and again I received the authoritarian attitude. At this point, the appeal process looks meaningless to me! So I feel my only option is to hold back my first payment of taxes and pay the penalty in hopes that we can resolve this tax issue. I will encourage others to do the same. This confrontation was not by my choice!! But now I ask for the people who represent me in the state of Kansas and many more great taxpaying citizens to give us a hand in this serious situation. After all the only other option left for me and my family, is to find residence somewhere else. I was born and raised here, the appraiser was not!

Attention Rep Doug Gatewood

Fax# 785-296-0251

House Meeting
Re: Senate Resolution 1620

Written Testimony of:

Lisa Jones
9050 SE 72nd Terrace
Baxter Springs Kansas
66713
Cherokee County Kansas

Phone 620 848 3883

2 Attention:
Rep Doug Gatewood

Fax# 785-296-0251

Re: Senate Resolution 1620

Written Testimony of: Lisa Jones
9050 SE 72nd Terrace
Baxter Springs Kansas 66713
Cherokee County Kansas

My name is Lisa Jones and I am a resident of Cherokee County Kansas.
I am giving my written testimony and pray that my voice will be heard.
I have resided at my residence along with my husband Gerald and daughter Sophie the past 4 years and 4 months.
Upon purchasing our home in 1999 the property taxes were $517.35 a year. As of Dec 2003 a staggering $1,027.17 a year.
The rest of my testimony will amaze you. The house had set empty for 3 years prior to our moving in and repairs were needed even at that time.

We were looking forward to making a life here.

I had worked for the State of Oklahoma for 14 years and during this same time period became totally disabled, bedfast for a year, learning to walk again while fighting major depression. My whole life changed overnight.

Not only did our dreams of repairing a home vanish but simple maintence became an impossibility. In essence, sad but true, our home is in worse condition now than before. It has deteriorated and depreciated in value. Yet amazingly our property taxes have increased basically 100%.

Never once had anyone from the appraisers office visited us.

So now the home we once dreamed of making our life in, not only is in dire need of repairs but we can't even afford the taxes. We look up and down the streets and "FOR Sale" signs & "Real Estate" signs are everywhere. On one street alone every single house is for sale.

I personally know numerous families who have moved to other states due to the property tax situation. The school census will be greatly affected as the majority of these families have children.

The situation is not right or fair. Hardworking, honest people are facing losing their property due to the ever increasing property tax situation in Cherokee County Kansas.

Many elderly and non elderly for that matter that I have spoken with are in fear of protesting, afraid of losing their homes. Instead they will do without their medications, utilities and in some instances food in order to pay their property tax.

I ask you - is this right? Is it right that the citizens of Cherokee County Kansas live in fear and do without basic necessities in order to continue to pay their property taxes?

As for me and I speak for many others, I do not believe this is right.

TED & CONNIE WARY HOME
COLUMBUS KS

Like Property Valuations
Appraised values (Average of 5 Comparable)

	1997	1998	1999	2000	2001	2002	2003	6 year average
Average Value of 5 Comparable Properties	$41366.00	$44256.00	$45832.00	$56428.00	$61468.00	$65392.00	$72224.00	----------
Annual Increase	----------	$2890.00	$1576.00	$10596.00	$5040.00	$3924.00	$6832.00	$5143.00
% Annual Increase	----------	7.0%	3.6%	23.1%	8.9%	6.4%	10.4%	9.9%
Our Property	$32340.00	$37770.00	$42800.00	$43500.00	$51700.00	$51700.00	$63700.00	----------
Annual Increase	----------	$5430.00	$5030.00	$700.00	$8200.00	0 ----------	$12000.00	$5227.00
% Annual Increase	----------	16.8%	13.3%	1.6%	18.9%	0 ----------	23.2%	12.3%

9.9% Annual x 6 x $32340.00 = $51549.96

OUR VALUE IF COMPARED
TO LIKE PROPERTY INCREASES

HOUSE TAXATION
Attachment 16
Date 3-17-04

Year	Total Cherokee County Value (Millions - $)	Annual Increase $ (Millions)	%
1997	$451.6	----------	----------
1998	$479.0	+27.4	+6.1
1999	$524.5	+45.5	+9.5
2000	$667.2	+142.7	+27.2
2001	$580.2	- 87.0	-13.0
2002	$593.0	+12.8	+2.2
2003	$665.5	+72.5	+12.2
6 year Increase	$213.9		44.2%
Average Annual Increase	$35.7 (million)	$35.7 (million)	7.4%

Year	Columbus, Crawford and Salamanca Valuations (Millions - $)	Annual $	Increase %
1997	$112.8	--------	--------
1998	$119.6	+6.8	+6.0
1999	$125.6	+6.0	+5.0
2000	$148.0	+22.4	+17.8
2001	$140.6	-7.4	-5.0
2002	$147.6	+7.0	+5.0
2003	$162.3	+14.7	+10.0
6 year Increase	$49.5	$49.5	38.8%
Average Annual Increase	$8.3 (million)	8.3 (million)	6.4%

Property Value Changes – Cherokee County and Parts of
Cherokee County – 1997 to 2003 6 years

	Total 6 yr Increase ($)	Annual Increase ($)	Total 6 yr Increase %	Annual Increase %
Our Property	$31,360.00	$5,227.00	73.8	12.3
5 Comparable Properties *	$30,858.00	$5,143.00	59.4	9.9
Columbus, Crawford & Salamanca Townships **	$49.5 million	$8.3 million	38.8	6.4
Total Cherokee County Valuation **	$213.9 million	$35.7 million	44.2	7.4

* - Source, Cherokee County Appraisers Office.

** - These values include added new construction, not just increase in present or old construction value.

REASON FOR APPEAL

1. Our property was built in the 1880's. It's and old house.

2. Our property valuation has increased $31,360.00 in the last 6 years, for an average annual increase of $5,227.00.

3. Our property valuation has increased 73.8% over the last 6 years for an average annual increase of 12.3%.

4. Our property has increased 2.4% (12.3% – 9.9%) faster than the 5 comparable properties that were given to us by the County Appraisers Office, for each of the last 6 years.

5. Our property valuation has increased 5.9% (12.3% - 6.4%) faster each of the last 6 years than the valuation of Columbus City, Crawford and Salamanca townships. The Columbus, Crawford and Salamanca townships value includes new construction also. Ours is the same house.

6. Our property valuation has increased 4.9% (12.3% - 7.4%) faster than the total Cherokee County valuation. (Each of the last 6 years) The total County valuation also includes new construction and our house is the same house.

7. (a) If our property had increased at the same rate as the 5 like properties, it would be valued for 2003 at $51,500.00

(b) If it would have increased at the same rate as Columbus, Crawford and Salamanca townships, it would be valued for 2003 at $44,758.00

© If it would have increased at the same rate as all of Cherokee County, it would be valued for 2003 at $46,699.00

(d) It is valued at $63,700.00; therefore it is from $18,942.00 to $12,200.00 too high in valuation.

(e) This inflated valuation results in our taxes being considerably higher than my neighbors with like property in USD 493 school district and that is unfair.

The City of
Overland
Park
KANSAS

8500 Santa Fe Drive
Overland Park, Kansas 66212
913-895-6100 • Fax: 913-895-5003
www.opkansas.org

Testimony
Before The
House Taxation Committee
Regarding HCR 5031

March 17, 2004

The City of Overland Park appreciates the opportunity to appear today in opposition to House Concurrent Resolutions 5031. This legislation would require the legislature to limit increases in the assessed value of residential property.

Passage of HCR 5031 would alter the current State policy of tying the valuation of a homeowner's property to its fair market value. As HCR 5031 takes us further and further away from assessed valuations reflecting fair market value, the State will be positioning itself for the problems that brought about classification and reappraisal in the late 1980s.

Limiting the growth in the assessed valuations of residential property could increase the tax burden for a number of homeowners. Rather than having valuations realize the increase in fair market value for property, a cap on assessed valuations would artificially dampen their growth.

In Overland Park, for instance, some parts of the City have seen valuation increases close to the rate of inflation. Other areas have seen double-digit growth some years, due to a very competitive real estate market. With the City not realizing the benefit of the rapidly appreciating area, the city council could need to raise the overall mill levy to maintain the level of services demanded by our citizens. In doing so, residents in areas that were not quickly appreciating could see an increase in their tax burden, while an increase in taxes would be minimized for residents in rapidly appreciating areas.

The State, too, could see significant budgetary challenges if assessed valuations are no longer tied to fair market value. Currently, the statewide mill levy for schools stands at 20 mills. Annually, this levy brings in more money than it did the previous year, due to the ever-increasing value of property (with a few exceptions) and the creation of new homes.

However, limiting the growth of assessed valuations will slow the rate of growth of revenue generated by the statewide mill levy. Projections of revenue growth will have to be adjusted downward, leaving the Legislature three choices. One, you could raise the statewide mill levy, something that has received scant support in recent years. Two, funding for schools could be cut – another option unlikely to receive much support. Or, three, the Legislature will have to make up for the less-than-expected revenue by taking additional resources from the State General Fund.

The City of Overland Park opposes measures that would move the State of Kansas away from valuing property based on fair market value. We ask that you not report HCR 5031 favorably for passage.

HOUSE TAXATION
Attachment 17
Date 3-17-04

KANSAS

JOAN WAGNON, SECRETARY

DEPARTMENT OF REVENUE
DIVISION OF PROPERTY VALUATION

KATHLEEN SEBELIUS, GOVERNOR

MEMORANDUM

TO: Honorable John T. Edmonds, Chair
House Taxation Committee

FROM: Mark S. Beck
Director of Property Valuation

DATE: March 17, 2004

SUBJECT: HCR 5031

The Department of Revenue stands in opposition to HCR 5031 because it abolishes Kansas' long-standing practice of applying a uniform standard for valuing all real property. Over the last decade, we have put forth great effort and have made great strides in attempting to provide taxpayers with a uniform basis of valuation. In other words, we have tried to make certain all property owners are treated similarly and fairly. No one will imply that the system we have in place is perfect, nor will you hear anyone say it has the potential of perfection. However, blemishes and all, our current system assures that some homeowners are not systematically benefited at the expense of others; particularly others who own less desirable homes.

Under this concept, properties that are increasing in value will have their values capped at a level below market value. Other properties having relatively stable values will remain at fair market value, as will houses that are decreasing in value. The direct result is to shift some of the tax burden away from those properties that are increasing in value to those that are not. "Growth neighborhoods" will carry *less* of the property tax burden. "Stable neighborhoods " and "declining neighborhoods" will carry *more* of the property tax burden.

In addition to the property tax shifts within the residential subclass, limiting valuation increases on houses will shift some of the tax burden from the residential subclass to the other subclasses. Thus, agricultural, commercial and other subclasses will carry more of the property tax burden vis-à-vis the residential subclass.

HOUSE TAXATION
Attachment 18
Date 3-17-04

Another impact of this concept will be to limit the growth in revenue generated from the 20-mill levy for schools. Currently, as residential values increase, more revenue is realized from the 20-mill levy for schools. Artificially suppressing value growth obviously limits the growth in the revenue dedicated to K-12 education.

Also complicating matters is the treatment of manufactured housing or mobile homes. Currently, all mobile homes are valued at market value. This is true whether the homes are affixed to the land and taxed as real property, or set on blocks and tied down and taxed as personal property. As drafted, this amendment would specifically exclude those taxed as personal property from the valuation increase limitation.

THE KANSAS CHAMBER

The Force for Business

835 SW Topeka Blvd.

Topeka, KS 66612-1671

785-357-6321

Fax: 785-357-4732

E-mail: info@kansaschamber.org

www.kansaschamber.org

Legislative Testimony

HCR 5031

Wednesday, March 17, 2004

Testimony before the Kansas House Taxation Committee
By Marlee Carpenter, Vice President Government Relations

Chairman Edmonds and members of the Committee:

The Kansas Chamber thanks you for the opportunity to express our members' opposition to the property tax valuation limit proposal set forth in HCR 5031.

This resolution would shift the burden of paying a disproportionate share of property taxes to business, because the limit only applies to residential properties. This shift would further drive-up the government driven costs for business in Kansas and harm the state's business climate, which already falls into a mediocre category when compared to other states.

HCR 5031 is not the way to encourage business growth and investment in Kansas.

The Kansas Chamber is the statewide business advocacy group, with headquarters in Topeka. It is working to make Kansas more attractive to employers by reducing the costs of doing business in Kansas. The Kansas Chamber and its affiliate organization, The Kansas Chamber Federation, have nearly 7,500 member businesses, including local and regional chambers of commerce and trade organizations. The Chamber represents small, large and medium sized employers all across Kansas.

HOUSE TAXATION
Attachment 19
Date 3-17-04

OVERLAND PARK
CHAMBER OF COMMERCE

TO:	Representative John Edmonds, Chair Members, House Taxation Committee
FROM:	Wes Ashton, Director of Government Relations Overland Park Chamber of Commerce
DATE:	March 17, 2004
RE:	**HCR 5031- Requiring the legislature to limit increases in the assessed value of residential real property.**

The Overland Park Chamber of Commerce would like to express its opposition to the HCR 5031, which would require the legislature to limit increases in the assessed value of residential real property. The Chamber believes that this is crucial legislation that could have a severe impact on the citizens and businesses of Kansas.

This resolution would cause a shift in tax policy to require businesses to pay a disproportionate amount because this change only applies to residential property. Unless cuts in spending accompany this resolution, the loss of revenue would have to be made up elsewhere. Any shift to increase the tax burden on businesses would slow any type of economic recovery.

HCR 5031 would detrimentally change the state's taxation policy. The chamber supports appraisals based upon fair market value. If this resolution were implemented, then fair market value would no longer be an equitable method for residential property valuations. When the valuation of a certain type of property is limited, the burden will simply be shifted to another type of property.

If this resolution were passed, some homeowners would still be treated unfairly. Developing areas that are or should be increasing in valuation would be under their fair market value, which would cause other neighborhoods that are established to be valued unfairly in comparison. These developing areas would not be carrying their fair share of the tax burden.

An additional detriment that would occur with passage of this resolution is that schools would suffer. This resolution would limit the growth in revenue generated from the 20-mill levy for schools. Placing a limitation on valuation would limit the growth in revenue that is expressly reserved for our schools.

HOUSE TAXATION
Attachment 20
Date 3-17-04

The chamber acknowledges that the current system is not one of perfection. There are occasional inequities, and sometimes a homeowner may be paying more in taxes than the property is actually worth. While the chamber sympathizes with this dilemma, the resolution before you today does nothing more than shift the problem to another place, likely to be commercial and agricultural property.

For all the foregoing reasons, the Overland Park Chamber of Commerce strongly opposes HCR 5031 for passage. Thank you for your time and attention to this issue.

For any further information, please contact the Chamber at 913-491-3600 or *washton@opks.org.*

STATEMENT OF THE KANSAS BUILDING INDUSTRY ASSOCIATION

TO THE HOUSE TAXATION COMMITTEE

REPRESENTATIVE JOHN EDMONDS, CHAIR

REGARDING H.B. 2924

MARCH 16, 2004

Mr. Chairman and Members of the Committee, I am Chris Wilson, Executive Director of the Kansas Building Industry Association. Our membership includes about 2300 companies and individuals involved in the state's residential building industry.

KBIA is concerned about the potential impact of H.B. 2924. The current language in the law with regard to sales tax exemptions and the requirements of contractors, subcontractors, and repairpersons was developed through careful work of legislators and interested parties and associations. If changes are warranted, they should again be developed with care and thought to determine the impacts on those collecting and paying the sales tax and on the state, cities and counties that receive it. For this reason, we would urge you to not pass H.B. 2924 at this time, but to further study its impact if you conclude there is a problem that needs to be fixed.

Thank you for your consideration.

HOUSE TAXATION
Attachment 21
Date 3-17-04