

Approved: 3-19-2007

Date

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Vice-Chair Richard Carlson at 9:00 A.M. on February 15, 2007 in Room 519-S of the Capitol.

All members were present except:

Representative Wilk - E
Representative Davis - E

Committee staff present:

Chris Courtwright, Legislative Research Department
Martha Dorsey, Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Representative Tom Holland
Mike Taylor, Unified Government Wyandotte County
George Lippincott - AARP (written only)

Others attending:

See attached list.

Vice-Chair Carlson asked Chris Courtwright to brief the Committee on the bill. He acknowledged Peggy Hannah, from the Treasurer's office, who was in attendance to answer any Committee questions.

HB 2298 - Providing property tax deferrals on certain real property owned by persons 65 years of age or older.

Chris Courtwright said that **HB 2298** would enact a senior citizen property tax deferral act. The bill provides a mechanism for certain seniors, on their principal place of residence, which would allow them to defer all or a portion of their property taxes, for the rest of their lives. He explained specific details of the bill, which will sunset in three years. The fiscal note is revenue neutral.

Representative Tom Holland, a chief sponsor of **HB 2298**, said this program is one way to give relief to seniors, who are struggling to stay in their homes, due to increased valuation in high growth areas. Property tax is the number one issue and concern for seniors in his district. He stated that he had worked with Matt Goddard, Vice President, Heartland Community Bankers Association in the development of the bill, and that it was understood that the bill was not competitive with private business, since it deals with property taxes only. He explained a spreadsheet that was based on a scenario of a homeowner who had experienced an increased valuation on their home from 1999 to 2006. He reviewed property taxes, appraised value, followed by 3 different payback scenarios for a particular property. He said he could be flexible on specifics in the bill, and that the bill does not require a constitutional change or would not disrupt local governments. He encouraged the Committee to consider the bill (Attachment 1).

Mike Taylor, Unified Government Wyandotte County, appeared in support of **HB 2298**. He said that although Wyandotte County had lowered the Unified Government tax rate 25% in the last 10 years, the increasing assessed values and mill levy hikes by other taxing entities make it difficult to reduce the actual amount of dollars paid for the total tax bill. He suggested that if the bill goes forward they might consider some kind of income limits, to assure that the people for whom the bill is intended are the people accepted into the program (Attachment 2).

It was noted that George Lippincott, from AARP had submitted written testimony (Attachment 3).

Seeing no other conferees, the Vice-Chair closed the public hearing on **HB 2298**.

The meeting was adjourned at 10:10 a.m. The next meeting is February 16, 2007.

TAXATION COMMITTEE

DATE: FEBRUARY 15

NAME	REPRESENTING
Peggy Hanna	State Treasurer's Office
Quanda Amstutz	State Treasurer
Michelle Peterson	Capitol Strategies
Emily Geier	Hem Law Firm
Randall Allen	KS. Association of Counties
MIKE TAYLOR	Unified Gov
Matt Goddard	HARTLAND Community Bankers
Doug Wareham	Kansas Bankers Assn.
Patrick Knorr	Leadership Laurence
Chris R. Hutchins	Leadership Laurence
Mary Rodriguez	" "
Debra Thompson	Leadership Laurence
Jimmy Muzisin	Leadership Laurence
Kern M. Jantz	WKDO
BROD HARRELSON	KFB
R. M. M. M.	CBN
RONALD RICHEY	ME
Mick Petroscci	74 th Visitor
Don Moler	LKM

STATE OF KANSAS

TOM HOLLAND
REPRESENTATIVE 10TH DISTRICT
HOME ADDRESS: 961 E. 1600 ROAD
BALDWIN CITY, KANSAS 66006
(785) 865-2786
tomholland23@hotmail.com

OFFICE ADDRESS: STATE CAPITOL
TOPEKA, KANSAS 66612
(785) 296-7668
E-mail: holland@house.state.ks.us
1-800-432-3924



TOPEKA
HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS
RANKING DEMOCRAT: TAXATION

MEMBER: HEALTH AND HUMAN SERVICES
GOVERNMENTAL EFFICIENCY AND
TECHNOLOGY

February 15th, 2007

Chairman Wilk and Committee Members:

Good afternoon! My name is Tom Holland and I am the State Representative for the Kansas House 10th District serving the communities of south Lawrence, Baldwin City, Wellsville, and north Ottawa. I am here today to ask for your support of House Bill 2298, otherwise known as "The Senior Citizen Property Tax Deferral Act".

House Bill 2298 is specifically designed for limited income Kansas seniors who homesteads are located in high valuation growth areas of the state. The Act would allow certain Kansas seniors age 65 or older to defer either a portion or all ad valorem taxes levied on their homestead. Upon transfer of ownership or at the time of the taxpayer's death, previously deferred taxes and interest are due. A provision has been made for the surviving spouse (provided he or she is at least 60 years of age and is residing in the homestead) to continue with the deferral program if so desired.

The legislation would also require the state treasurer to submit to the governor and the legislature an annual report documenting the number of taxpayers establishing claims for deferral, the amount of taxes deferred in each county and any other information that the state treasurer considers useful. The provisions of the legislation would commence on January 1st, 2008; the submittal of claims for deferral of property taxes would be discontinued after December 31st, 2010.

As elected officials to the Kansas Legislature, it is imperative that we do everything within our powers to avoid having Kansas seniors literally taxed out of their homes. Please join me in taking the correct and moral stand by supporting HB 2298.

Thank you,

A handwritten signature in black ink that reads "Tom Holland".

Tom Holland
State Representative – 10th District

**HS TAXATION COMMITTEE
2-15-2007
ATTACHMENT 1**

HB 2298
Senior Homestead Tax Deferral Examples

Year	Property Taxes	Appraised Value	Scenario #1 - Def Tax & Int	Scenario #2 - Def Tax & Int	Scenario #3 - Def Tax & Int
2006	\$ 2,624.84	\$ 212,200.00	\$ 1,224.84	\$ 2,124.84	\$ 2,624.84
2005	\$ 2,392.82	\$ 208,300.00	\$ 1,092.10	\$ 2,082.10	\$ 2,632.10
2004	\$ 2,170.10	\$ 208,000.00	\$ 931.82	\$ 2,020.82	\$ 2,625.82
2003	\$ 1,922.48	\$ 183,700.00	\$ 695.42	\$ 1,893.32	\$ 2,558.82
2002	\$ 1,820.36	\$ 174,900.00	\$ 615.45	\$ 1,933.14	\$ 2,665.19
2001	\$ 1,791.32	\$ 166,700.00	\$ 630.22	\$ 2,079.68	\$ 2,884.94
2000	\$ 1,470.98	\$ 152,100.00	\$ 125.75	\$ 1,720.15	\$ 2,605.93
1999	\$ 1,512.52	\$ 148,970.00			
			\$ 5,315.60	\$ 13,854.06	\$ 18,597.64
				\$ 63,230.00	

Scenario #1 - Taxpayer enters program in 2000, sells during 2006, and locks in property tax payments at \$1,400 (compounded annual interest rate of 10%) - Nets \$ 57,914.40

Scenario #2 - Taxpayer enters program in 2000, sells during 2006, and locks in property tax payments at \$500 (compounded annual interest rate of 10%) - Nets \$ 49,375.94

Scenario #3 - Taxpayer enters program in 2000, sells during 2006, and locks in property tax payments at \$0 (compounded annual interest rate of 10%) - Nets \$ 44,632.36



Testimony

Unified Government Public Relations
701 N. 7th Street, Room 620
Kansas City, Kansas 66101

Mike Taylor, Public Relations Director
913.573.5565 mtaylor@wycokck.org

Senior Citizen Property Tax Deferral Act

Delivered February 14, 2007
House Tax Committee

The Unified Government of Wyandotte County/Kansas City supports House Bill 2298 which would allow senior citizens to defer payment of the property tax owed on their home.

Mayor Joe Reardon and the Unified Government Board of Commissioners have worked hard to lower the property tax burden on our citizens... from cutting mill levies and collecting more delinquent taxes, to growing other revenues by expanding the local economy.

The Unified Government tax rate (combined city/county mill levy) has been reduced 25% since voters approved consolidation 10 years ago. Still, the property tax can be difficult for some of our older, fixed-income citizens to deal with. Increasing assessed values and mill levy hikes by other taxing entities make it difficult to reduce the actual amount of dollars paid for the total tax bill.

The Unified Government's goal is to assist those who have the most difficulty paying their tax bill because of rising values or mill levies. For that reason, some kind of income limits might be considered by the committee. There is a difference between helping a limited-income senior stay in their longtime home which has risen in value and simply giving a tax break to a wealthy senior who recently purchased a very expensive home.

House Bill 2298 is a concept the Unified Government supports on behalf of its homeowners. With some further review and adjustments, it could become an important tool in making all of our communities more affordable for all of our citizens.

HS TAXATION COMMITTEE
2-15-2007
ATTACHMENT 2



Good Morning Chairman Wilk and members of the House Committee on Taxation. My name is George Lippencott and I am the AARP Kansas Volunteer Coordinator for Economic Security. AARP appreciates this opportunity to provide written testimony addressing House Bill 2298. AARP represents the views of our nearly 360,000 members in the state of Kansas. We support this bill.

AARP is well aware of the pressures many of our seniors are feeling as rising home valuations lead to escalating property taxes in some locations in Kansas. Scarcely a day goes by when we do not hear from our members concerning property tax growth. Current property tax levels have caused many lower income seniors to fear for their ability to remain in their own homes while meeting their property tax responsibilities. For our more affluent seniors current property tax levels have created a different and unique challenge; homeowners with significant equity in their properties are experiencing serious cash flow problems trying to service the property tax burden.

In response to these rapidly rising property values, AARP testified before the Interim Committee on Assessment and Taxation this past fall. In our testimony we addressed both short and long term goals for taxation policy in Kansas. We believe, and many experts agree, that long term property tax relief requires a rebalancing of the sources and apportionment within those sources of revenue available to the state and local jurisdictions.

In the short term we believe that limited and targeted tax relief is appropriate and necessary. We believe that the tax burden should be distributed according to people's ability to pay and should, to the extent possible, be as neutral as possible in its treatment of economic activity. We are also concerned that the more tax relief we offer to some the greater the tax burden on others. To that end AARP believes that various tax relief programs for those of limited means such as deferrals, circuit breakers and exemptions are valid and sufficient means of managing the property tax burden.

We note that this committee has introduced House Bill 2430 which restores the value of Kansas's long term circuit breaker program for certain citizens of limited means. AARP believes this fair approach to property tax relief as it addresses the poorest among us in a targeted and balanced way with limited impact on the rest of the taxpayers. We hope the committee will soon hold hearings on this bill and report it favorably to the full House

Our second priority for property tax relief is some form of property tax deferral such as offered in House Bill 2298. Twenty-five states and the District of Columbia offer

property tax deferrals based on a variety of eligibility criteria in exchange for some arrangement for the deferred taxes to be paid upon some event, such as the owner's death. The demonstrated successful examples represent a set of approaches that can be tailored to achieve the desired level of impact to state and local revenues while offering varying levels of protection to home owners from taxes that may outstrip their ability to pay without serious consequences. A Property Tax Deferral Program here in Kansas will address the second group of seniors mentioned above, the more affluent seniors who may not qualify for an exemption but who may be experiencing serious impacts to their quality of life because of property tax increases that are stressing their ability to pay.

We note that House Bill 2298 represents a responsible balance among the many ways that different states defer property taxes. Limiting the eligibility for the program to those seniors with homes at or below the median value in their jurisdiction is a positive measure that limits the scope of the program to those most in need so that all taxpayers are not asked to bear more than their just share. We do note that some states offer an interest rate on their programs that is tied to market rates plus the cost of administering the program, essentially making the program revenue neutral while preserving its protection value since the accruing interest will be paid from the estate and not by the senior resident of the homestead.

There have been significant increases in certain property tax levies in Kansas since the beginning of the decade. These increases are threatening to force some Kansas seniors out of their residences. AARP believes that targeted tax relief to the more vulnerable among us is the preferred way to address the impact of this growth on those least able to meet it. We believe that House Bill 2298 offers such targeted relief and we hope the committee will support the bill. Helping our seniors remain in their homes as long as possible is just good public policy.

Thank you, Mr. Chairman, for permitting AARP to offer our thoughts and support of House Bill 2298.