

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on February 28, 2007 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Legislative Research Department  
Gordon Self, Office of Revisor of Statutes  
Richard Cram, Department of Revenue  
Kathy Beavers, Office Assistant

Conferees appearing before the committee:

Representative Richard Carlson  
Representative Stan Frownfelter  
Rodney Allen - Chairman of Waubensee County Commissioners  
David Christy - Jefferson County Commissioner  
George Lippincott - Volunteer Coordinator for Economic Affairs for AARP Kansas

Others attending:

See attached list.

**HB 2519 - Authorizing statewide retailers' sales tax for Wabaunsee county.**

Chairman Wilk opened the hearing on **HB 2519**.

Representative Carlson testified on behalf of Waubensee County and **HB 2519** (Attachment 1). Passage of **HB 2519** would allow Wabaunsee County to impose a .5 percent county wide sales tax for the exclusive use on the county's roads and bridges. The bill has a fifteen year sunset and requires voter approval.

Rodney Allen, Chairman of Waubensee County Commissioners, testified that, if passed, **HB 2519** would authorize Waubensee County to enact a .5 percent sales tax specifically dedicated to maintenance and construction of county roads and bridges for the exclusive use of the county (Attachment 2). Currently Waubensee County has a 1 percent sales tax that is shared with cities in Waubensee County. Waubensee County recently ended a .25 percent sales tax that went to building improvements at the courthouse.

David Christy, Jefferson County Commissioner, testified that Jefferson County would like to piggyback on to **HB 2519** and requests that a 1 percent sales tax increase, with a six year sunset, be approved (Attachment 3). He explained that in order to keep up and improve the roads in Jefferson County the commissioners had three choices to fund the road projects. The three options are: 1) to raise the mill levy; 2) to sell bonds, or 3) to implement a temporary sales tax increase. The commissioners feel that the third option, to implement a temporary sales tax increase, is the best option for the county. This increase will have to be approved by Jefferson county constituents, which can be accomplished by mail ballot.

Chairman Wilk closed the hearing on **HB 2519**.

**HB 2430 - Homestead property tax refunds; maximum amount of refund, social security benefits not included in income, limitations on entitlement, renters, filing requirements and income verification, refunds applied against delinquent property taxes and sunset of act.**

Chris Courtwright reviewed the Homestead Act as it is now and how it would effect citizens if the legislation is enacted. He reviewed the payout in 2005 versus the pay out if the bill is enacted. Representative Siegfried requested Chris Courtwright obtain information on how many household would be affected if enacted. Martha Dorsey handed out copies of the interim report to enable the members to better understand the Homestead Act (Attachment 4).

Representative Frownfelter testified that the effect on senior citizens in his district on disability income changes when they become 65 years of age and their disability income, which is not taxable, becomes social

## CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on February 28, 2007 in Room 519-S of the Capitol.

security income and is taxable. The taxable income may affect their eligibility for the Homestead refund No written testimony).

George Lippincott, Volunteer Coordinator for Economic Affairs for AARP Kansas, stated that 360,000 AARP members support **HB 2430** and they believe the bill will restore the value of the Kansas Homestead Exemption Program (Attachment 5). He summarized that since the beginning of the decade, property tax levies have increased in selected jurisdictions in Kansas, while individual income levels for lower income citizens have not kept pace. He also emphasized that the proposed changes in the Homestead Exemption Program in **HB 2430** do not represent a new or increased entitlement.

The Chairman closed the public hearing on **HB 2430**.

After discussion, Chairman Wilk requested Gordon Self draft a substitute bill on **HB 2430** to be reviewed at a later meeting.

Representative Tim Owens provided an update on Sub-Committee activities on Board of Tax Appeals (BOTA).

The meeting was adjourned at 10:20 a.m. The next meeting is March 1, 2007.

# TAXATION COMMITTEE

DATE: FEBRUARY 28, 2007

NAME	REPRESENTING
Richard Crum	KDOR
Bruce Lankin	KDOR
Ernie Pogge	AARP
Mary Tritsch	AARP
Geffrey Lymoncott	AARP
Ad. Walsh	CGR
Kaynie Leppler	Budget
David Christy	Budget
REP. STAN FROWNFELDER	31 <sup>st</sup> Dist.
Michelle Peterson	Capitol Strategies
Bruce Smead	KEE
George Phillips	KCP & L
Tom Thompson	Sierra Club
Phil Wages	KEPCO
Paul Snider	KCPCL

STATE OF KANSAS

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TOPEKA  
HOUSE OF  
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

FEDERAL AND STATE AFFAIRS  
INSURANCE AND FINANCIAL  
INSTITUTIONS  
TAXATION

**February 28<sup>th</sup>, 2007**

**Chairman Wilk and members of the House Taxation Committee**

**RE: HB 2519**

**Thank you for the opportunity to present testimony in behalf of Wabaunsee County and House Bill 2519.**

**Wabaunsee County is located just west of Topeka and Shawnee County. It is a mostly rural county with Alma being the largest city and the County Seat.**

**HB 2519 allows Wabaunsee County to impose a .5 percent countywide sales tax for the exclusive use on the county's roads and bridges. It has a fifteen year sunset and requires voter approval.**

**Thank you for your favorable consideration of this bill. It will greatly benefit Wabaunsee County and its citizens.**

**Sincerely,**

A handwritten signature in black ink, appearing to read "Richard Carlson". The signature is fluid and cursive, written over a horizontal line.

**Richard Carlson  
State Representative  
61<sup>st</sup>. District.**

**HS TAXATION COMMITTEE  
2-28-2007  
ATTACHMENT 1**

## **Wabaunsee County Commissioners**

### **Chairman Wilk & Members of the House Taxation Committee**

#### **Testimony on HB 2519**

House Bill 2519 is a bill that would authorize Wabaunsee County to enact a .5% sales tax specifically dedicated to maintenance and construction of county roads and bridges for the exclusive use of the county. Currently Wabaunsee County has a 1% sales tax that is shared with cities in Wabaunsee County. Wabaunsee County recently ended a .25% sales tax that went to building improvements at the courthouse.

Wabaunsee County maintains over 200 miles of roads including 60 miles of chip and seal roads, and over 180 bridges. The county has not had sufficient funds to repair and maintain these structures; however the county already has its mill levy set at 45 mills on \$64 million dollars in valuation. A sales tax is needed to conduct necessary improvements. Wabaunsee County projects that a .5% sales tax will raise \$200,000 per year over its fifteen year lifespan.

As a Wabaunsee County Commissioner, the most common complaint I hear from my constituents' concerns roads. Allowing the county to submit to the voters a sales tax to solve these concerns would go along way toward addressing these complaints. I would urge the committee to pass this bill this session.

Rodney Allen  
Chairman of Wabaunsee County Commissioners

**HS TAXATION COMMITTEE  
2-28-2007  
ATTACHMENT 2**

## JEFFERSON COUNTY ROAD IMPROVEMENT PLAN

The current Jefferson County Commissioners, David Christy, Francis Grollmes, Don Edmonds and past Commission Lynne Luck have spent the last two years examining road improvement options. We examined road improvement plans in Douglas, Leavenworth and Shawnee County and compared them to what Jefferson County is capable of doing.

Jefferson County currently budgets \$545,000.00 a year on chip & seal and asphalt overlay. While considering the plan we needed to consider that gravel roads should be re-graveled every year and in some places several times a year. Chip & seal and asphalt overlay would need to be re-overlaid every 3 -5 years depending upon use. We currently spend about \$800,000.00 a year on gravel alone. The \$545,000.00 plus \$800,000.00, (\$1.3 million) would better serve us as maintenance on our hard surface roads.

This is how our proposed Road Improvement Plan would work. We believe that this hard surface project would take approximately 5-6 years in which to complete. We would propose that the first phase should be to either chip & seal or asphalt overlay all of the major school bus routes. Once that phase is completed the second phase will be to either chip & seal or asphalt overlay all of the main feeder roads into the county so that our residents can get in and out of the county, to work and back, as fast and safe as possible. Remember that some of these may be the same roads. After that phase is completed the third phase will be to either chip & seal or asphalt overlay all of the main roads that serve our developments. Again, many of these roads may already have been resurfaced in the previous phases. The fourth phase will be to resurface all other roads that are necessary.

The choices we had to choose from as Commissioners to fund this project were: #1 Raise the mill Levy, #2 Sell bonds, #3 Implement a Temporary Sales Tax Increase

I would like to discuss these three options. Remember that this is a 5-6 year project. Jefferson County will need to raise approximately \$800,000.00 in additional funds, per year, to meet the road improvement plan's needs; while continuing to use the already budgeted funds for maintenance on all other roads.

#1 Raise the Mill Levy: Currently one (1) mill levy raises about \$140,000.00 countywide. If we were to use the mill levy option we would need to raise the mill levy by 5.714 mills. On a \$150,000.00 home in Jefferson County this would calculate to be a tax increase of approximately \$98.57 per year. The mill levy could then be lowered after 5-6 years following the completion of the project.

#2 Bond Option: Once again, remember that this is a 5-6 year project costing approximately \$800,000.00 per year or \$4 million - \$4.8 million. At the current interest rate, 4.1%, for bonds totaling \$4 million - \$4.8 million for 20 or 30 years, it would cost us approximately \$2,242,000.00 - \$3,550,000.00 in interest alone with the repayment of the \$4 million - \$4.8 million. The grand total over 20-30 years would be \$7,041,000.00 - \$8,350,000.00. This option would not alleviate the possibility of having to increase the mill levy to cover the cost of repayment of the bond and interest.

#3, our last option to consider, and we believe as County Commissioners to be the best option, is to do a Temporary 1% Sales Tax Increase for six years. Jefferson County's current sales tax rate is 6.3%; this road improvement option would increase the sales tax to 7.3% and would raise approximately \$740,000.00 per year. Slightly less than what is needed. At the end of 6 years the tax payers would have the option to renew the 1% sales tax increase and continue the improvements or return it

to the original 6.3%. If we raise the sales tax by 1% we would not need to increase the mill levy for the road improvement plan. This also means that everyone that stops to purchase anything in Jefferson County would be contributing to the cost of the road improvement plan. This is the exact same process that was used in the past to build our new Law Enforcement Center/Jail in 1994.

In 2001 the cost was \$35,100.00 to chip & seal one mile of gravel road or \$120,300.00 to do one mile of six inch asphalt. In 2005 it cost approximately \$44,280.00 to do one mile of chip & seal or \$150,000.00 to do one mile of six inch asphalt. Today it will cost approximately \$53,800.00 to chip & seal one mile of gravel road or \$182,000.00 to do one mile of six inch asphalt. And five years from now.....who knows?


After due consideration we have chosen Option #3: Temporary 1% Increase of the Sale Tax.

Our plan is to put Option #3, a temporary 1% sales tax increase, on the ballot as soon as possible.

If you have any questions I encourage you to call me and I will do everything within my power to answer your questions.  
Commissioner David Christy. #785-484-2778.



The Board of County Commissioners of Jefferson County may permit the question of imposing a countywide retailers' sales tax at the rate of up to 1% and all revenues shall stay with the county and pledging the revenue received therefrom for the purpose of financing, the costs of preparation and hard surfacing of roadways and bridges, to the electors at an election called and held thereon. The tax imposed pursuant to this paragraph shall expire after six years from the date such tax is first collected.

  
3-4

# Special Committee on Assessment and Taxation

## HOMESTEAD EXPANSION

### CONCLUSIONS AND RECOMMENDATIONS

The Committee believes that further expansion of the Homestead Program is warranted. The Committee therefore recommends the introduction of legislation that would reduce "rent constituting property taxes paid" from 20 to 15 percent while simultaneously increasing the maximum refund amount for both home owners and renters from \$600 to \$700; and would facilitate electronic filing.

The Committee further finds that an asset test would be appropriate and recommends the introduction of legislation that would exclude from the Program persons with assets in excess of \$250,000.

The Committee applauds the ongoing administrative efforts of the Department of Revenue and recommends the introduction of legislation that would authorize the denial of claims by certain renters who have failed to adequately document their sources of income.

**Proposed Legislation:** The Committee recommends the introduction of three bills on this topic.

### BACKGROUND

Kansas in 1970 enacted the Homestead Property Tax Refund Act, KSA 79-4501 et seq, which is best characterized as the "circuit-breaker" style of property tax relief program. A "circuit breaker" is a form of property tax relief in which the benefit is dependent on income or other criteria and the amount of property taxes paid. The moniker developed as analogy to the device that breaks an electrical circuit during an overload, just as the property tax relief benefit begins to accrue once a person's property taxes have become overloaded relative to his or her income.

The first property tax circuit breaker was enacted by Wisconsin in 1964. Kansas became the sixth state with such a program in 1970. According to the National Conference of State Legislatures (NCSL), 34 states currently have some form of circuit breaker program. Of these states, 27 (including Kansas) also allow renters to

participate in the programs (based on the assumption that landlords are passing increased property taxes along in the form of higher rent).

The current Kansas program requires participants to meet both an income and a demographic test. The former test requires that household income be not more than \$27,600; the latter requires that at least one person in the household be (1) age 55 or above; (2) a dependent under age 18; (3) blind; or (4) otherwise disabled. Renters are eligible based on the statutory assumption that 20 percent of their rent is equivalent to property taxes paid.

The program was recently expanded in 2006 HB 2583, a bill which also provided a property tax exemption for most new acquisitions of commercial and industrial machinery and equipment. An amendment approved by the Kansas House earlier in the 2006 session would have provided for an even larger expansion of the Homestead Act.

Several legislators requested an interim study following the conclusion of the 2006 session. The Legislative Coordinating Council subsequently approved the request for the Special Committee to review the need to further expand the Homestead Property Tax Refund Program. The Committee is charged with specifically recommending whether fixed-income seniors need additional property tax relief as a result of tax shifts brought about by faster annual residential valuation increases attributed to the more rapid economic growth expected as a result of the recently enacted machinery and equipment exemption. As part of the study, the Department of Revenue also has asked to present several administrative issues with respect to the program for the Committee to consider.

### **Impact of 2006 Expansion**

The Kansas Department of Revenue reports that during calendar year 2005, it processed and paid 76,097 Homestead claims totaling \$17.119 million, or an average of about \$225 per refund. The 2006 amendments expanding the program are anticipated to increase its size by \$3.5 million, or about \$20.6 million per year.

The Department also indicates that the new law will have the following impact on the following three hypothetical taxpayers:

- (1) Elderly couple with \$23,000 in household income and \$1,100 property tax liability. This claimant will now be entitled to a refund of \$150 (\$72 under pre-2006 law).
- (2) Single mom with two young children and \$16,000 in household income and \$750 in property tax liability. This claimant will now be entitled to a refund of \$360 (\$240 under pre-2006 law).
- (3) Disabled renter with \$9,000 in household income and paying \$450 per month in rent. This claimant will now

be entitled to a refund of \$528 (\$408 under pre-2006 law).

The maximum refund available under any circumstances to a claimant is \$600, and the minimum refund is \$30.

### **COMMITTEE ACTIVITIES**

At the September meeting, staff briefed the Committee on the background of the Homestead Property Tax Refund Act, which enacted in 1970. Staff also distributed materials on how property tax relief programs are structured in all 50 states.

Bruce Larkin, Department of Revenue, presented a number of statistics for the Homestead Program and reviewed a number of administrative issues of concern, including the extent to which certain large refunds are made available to renters. The Committee subsequently asked for various bill drafts and fiscal impact estimates to be prepared regarding the Department of Revenue's suggestions.

At the October meeting, Mr. Larkin returned with those fiscal impact estimates and bill drafts. One proposal, which is revenue-neutral, would reduce "rent constituting property taxes paid" for renters from 20 to 15 percent while simultaneously increasing the maximum refund amount available for both home owners and renters from \$600 to \$650. A second proposal would expand the size of the program by \$1.4 million by increasing the maximum refund amount for only home owners (but not renters) from \$600 to \$700. A third proposal would eliminate a requirement that a statement be provided from the county treasurer showing property taxes levied (unless so requested by the Department of Revenue) so as to facilitate the electronic filing of claims. A fourth proposal would provide an asset test such that persons who own or control assets in excess of \$250,000 would not be eligible for the program. A fifth proposal would authorize the

Department of Revenue to deny claims of taxpayers who are renters reporting income that is 150 percent or less of their annual gross rental amount when such income amounts have not been verified.

A conferee representing AARP said that the Homestead Program should be modified to restore and preserve the value of its refunds, since refund amounts had not been growing as fast as the property tax burden on senior citizens.

A conferee representing Kansas Action for Children also supported further expansion, provided that the additional benefits were also made available to households with children under age 18.

At the November meeting, the Committee reviewed its work at the previous two meetings and made final policy decisions.

#### CONCLUSIONS AND RECOMMENDATIONS

\* The Committee believes that further expansion of the Homestead Program is warranted. But the Committee expresses its concern that, based on data provided by the Department of Revenue, the statutory assumption that 20 percent of rent is equivalent to property taxes paid appears to be overstated. The Committee also wishes to help facilitate the electronic filing of claims.

The Committee, therefore, recommends the introduction of legislation that would

reduce "rent constituting property taxes paid" from 20 to 15 percent while simultaneously increasing the maximum refund amount for both home owners and renters from \$600 to \$700; and would facilitate electronic filing by eliminating, under most circumstances, a requirement that a statement be provided from county treasurer showing property taxes levied.

The Committee further finds that an asset test would be appropriate to assure that the Homestead Program is targeted to those Kansans otherwise lacking in the means to pay their property taxes.

The Committee, therefore, recommends the introduction of legislation that would exclude from the program persons with assets in excess of \$250,000. The Committee notes that the definition of "assets" will need to be debated by the 2007 Legislature, including the possibility of excluding from the asset test the equity in the taxpayer's principal place of residence.

Finally, the Committee further applauds the efforts of the Department of Revenue to assure that Homestead refunds are paid to only those who are entitled and in only the appropriate amounts.

The Committee, therefore, recommends the introduction of legislation that would authorize the Department to deny claims of taxpayers who are renters reporting income that is 150 percent or less of their annual gross rental amount, unless additional information is provided by the taxpayers.



February 28, 2007  
Representative Wilk, Chair  
House Taxation Committee

Reference: HB 2430

Good Morning Chairman Wilk and members of the House Taxation Committee. My name is George Lippencott and I am a Volunteer Coordinator for Economic Security with AARP Kansas. AARP represents the views of nearly 360,000 members in the state of Kansas and we thank you for this opportunity to express our support for House Bill 2430, a bill that we believe restores the value of the Kansas Homestead Exemption Program.

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 servicing 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.

### **The Challenge**

Is there validity to the concerns voiced by our seniors? Have property taxes increased faster than income. We chose social security income as the basis for the discussion of income because so many of our seniors depend on it as a major if not the only component of their income. Exhibit 1 below shows the income trend for a tax payer at roughly the average social security income inflated overtime by the index used by the Social Security Administration. It should be noted that many seniors have seen a loss in real income while others may have experienced greater growth.

Over

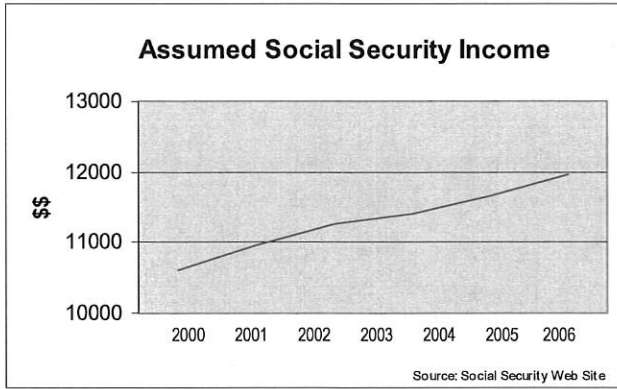


Exhibit 1: Income Data

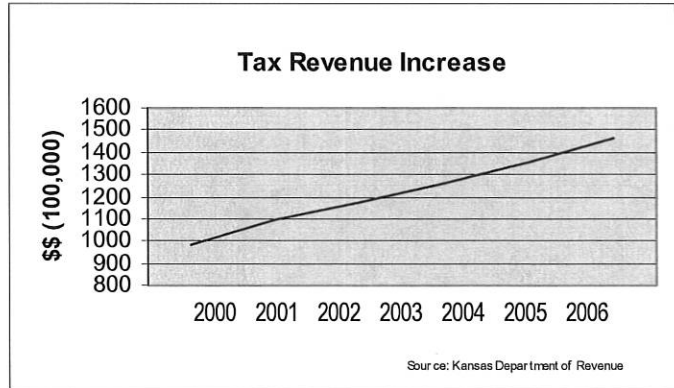


Exhibit 2: Property tax Increases

What about property taxes increases? To establish a representative tax levy the information in Table 1 was used. The home value represents approximately 80% of the value of an average home in Kansas in 2000. The mil rate was an average obtained from tables maintained by the Kansas Department of Revenue. To obtain the 2005 tax we escalated the 2000 tax by the calculated increase in tax revenues over the 5 year period. This factor was obtained from Department of Revenue data which reflects the increases in revenue from property taxes during the period of interest.

	Entry	Source
Home Value (2000)	66400	80 % of Average
Effective mil rate	99	Dept of Revenue
Tax (2000) \$	607	Calculated
Tax (2005) \$	806	Calculated

Table 1: Tax Data

The data suggests that the expected income of an average senior in Kansas may have increased by 13 % since 2000 while property taxes would appear to have increased on average 48 %. There is a problem- property taxes are escalating rapidly.

In response to these rapidly escalating 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 to our local jurisdictions.

## CAPS

One solution being offered to address the rapid valuation increases is some form of cap on property valuation increases. These caps are typically offered without identifying the possible downside to such caps: a decline in revenues to fund local spending priorities. Over time these caps can be extremely damaging because they erode local governments' revenue and reduce essential police, ambulance and fire protection services. Limiting

assessed property values can also create inequities between existing and new property owners in situations where fair-market property values increase faster than the annual property valuation for tax purposes.

One salient short term problem with caps in property valuations as proposed are that they “lock the barn after the horse is out” The valuation increases have already substantially occurred and appear to be stabilizing at this time. Placing caps on future property valuation increases would do nothing to address that growth – growth which is the basis for the concern voiced by our seniors. We must also remember that property tax increases do not happen by chance. Elected officials accountable to the electorate are responsible for these increases. If the majority of our citizens are unhappy with their property tax bills, relief is only as far away as the ballot box.

AARP believes that targeted tax relief programs such as deferrals, circuit breakers and exemptions are valid means of reducing the property tax burden on people of limited means. When property tax relief is offered we believe that it should be applied in an equitable manner and should primarily benefit low- to moderate-income homeowners and renters. We are concerned that the broader the scope of the tax relief we offer to some the greater the tax burden will become on others. We believe that protecting low income seniors from all or part of the property tax supports our collective goal of encouraging seniors to remain in their own homes for as long as practical. We all benefit when our seniors are not forced into dependency on the state. Rapidly escalating property taxes without proper relief can increase the likelihood that seniors will be forced into institutional settings at taxpayer expense.

### **Targeted Property Tax Relief**

House Bill 2430, which we believe restores the value of Kansas’s long term circuit breaker program for certain citizens of limited means, represents our priority 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.

Because the Kansas Homestead Exemption uses a number of variables to establish eligibility and set the amount of any rebate available to an individual we recognized that establishing specifics as to how the program might be changed would be difficult and might become more subjective than we wished. We decided that the best way to introduce objectivity into the discussion would be to examine just how the program had been impacted by the valuation increases.

The methodology we employed was really rather simple. There were some assumptions and those are very important. The first assumption was that the taxpayers eligible for the exemption program had increases in income of the same order as the actual increases in Social Security as determined by the Social Security Administration. The second assumption was that their properties would experience an escalation in valuation

equivalent to the average escalation in valuation in Kansas as determined by the Department of Revenue. Everything else was simply mathematics using the forms provided by the Department Of Revenue to calculate the rebate offered as a percentage of income at two points in time, last fall and at the beginning of the recent rapid rise in property valuations.

Employing this methodology we identified serious erosion in the benefit offered as a percentage of income by the Homestead Exemption Program between 2000 and 2005. Increases in the percentage of the tax to be rebated by 33% coupled with an increase in the maximum tax rebate available by the same percentage would be required to substantially restore the value of the program. Applying this measure as an escalator to the existing program metrics yielded the changes reflected in House Bill 2430

During our analysis, we noted that the exemption program as constituted is not adjusted to address inflation. Last year the legislature applied an inflation factor to the state exemption on Sales Tax. We believe that it is wise public policy to protect the most vulnerable among us from the impact of inflation. Allowing the tax rebate available to our eligible citizens under our exemption programs to decline as the result of inflation would seem inconsistent with legislative intent voiced last year. We therefore, support the aspect of House Bill 2430 that calls for inflation protection for the eligibility criteria (maximum and individual brackets) and believe that inflation protection should also be extended to the maximum tax rebate allowed.

We want to emphasize that in our opinion the proposed changes in the Homestead Exemption Program contained in House Bill 2430 do not represent a new or increased entitlement; they do represent an acknowledgement of a “defacto” change necessary to retain the value of an old and very wise investment badly eroded by the ravages of inflation and rapidly escalating property valuations.

In the interest of completeness we would like to remind the committee that our second priority for property tax relief is some form of property tax deferral such as offered in House Bill 2298 heard by this committee last week and supported by AARP. A Property Tax Deferral Program here in Kansas, even if revenue neutral, will, we believe, 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.

## **Summary**

There have been significant increases in the property tax levies in selected jurisdiction in Kansas since the beginning of the decade while individual income levels for our lower income citizens have in general not kept pace. The result places a squeeze on our more vulnerable taxpayers. Kansas has pursued, as good public policy, the need to encourage seniors to remain in their homes as long as possible. To that end, property taxes should not become a determinant in the ability to do so.



An analysis conducted by AARP has identified erosion in the relief offered by the Kansas Homestead Exemption Program. House Bill 2430 reverses the erosion and establishes a long term basis for the continuance of the program. House Bill 2430 coupled with House Bill 2298 will, we believe, substantially address the legitimate concerns of our seniors and others with respect to the recent selective increases in property taxes while minimizing impact on the rest of our citizens.

Thank you, Mr. Chairman, for permitting AARP to offer our thoughts on House Bill 2430.