

## MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairman Kenny Wilk at 9:00 A.M. on March 19, 2008 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  
Ryan Hoffman, Legislative Research Department  
Scott Wells, Office of Revisor of Statutes  
Rose Marie Glatt, Committee Secretary

Conferees appearing before the committee:

Others attending:

See attached list.

Representative King requested a bill introduction concerning a Housing Loan Department Program. Representative Holland seconded the motion. The motion carried.

Representative Schroeder requested a bill introduction regarding the disposition of potential litigation funding on the Republican Reservation. Representative Treaster seconded the motion. The motion carried.

The Chairman introduced his parents Eileen and Eugene Kramer. Today is Mrs. Kramer's seventy-six birthday.

Representative Owens introduced good friends and his dentist, Dr. David and Pam Western.

Representative Bowers introduced her daughter, Haley, who is a page in the House today.

Representative Rardin introduced his five pages from his district: Garrett Owen, Bobby Morrie, Drake Smith, Matt Chipman and Anna Torchia.

A memorandum concerning *Historical Information on the Disabled Access Tax Credit*, from Richard Cram, KDOR, was distributed to the Committee (Attachment 1).

**HB 2543 - Assessment for property tax purposes of newly constructed residential property.**

Chris Courtwright, Legislative Research Department, gave a brief overview of the bill. He said the original bill would have changed taxation in certain residential property in two ways, and he explained those differences. He described activities resulting from an attorney general's opinion, stating that language has been drafted for **Sub for HB 2543**, that addresses those issues. This bill takes a simpler approach and Mr. Courtwright explained the changes.

Rep Worley made a motion to adopt the substitute language as outlined in the **Substitute HB 2543** Representative Wilk seconded the motion. The motion carried.

Rep King made a motion to amend to insert language from the original bill, page 1, lines 22-25, *Newly constructed residential property which has new been occupied shall not be assessed as improved real property until such occupancy or the first day of January of the second years following the year in which construction of the improvements was completed* into **Sub HB 2543**. Representative Carlson seconded the motion. The motion carried.

In response to a committee question, Gordon Self, Office of Revisor of Statutes, addressed possible Constitutional issues with the King amendment, such as the "uniform and equal policy" and definition of "real" property.

CONTINUATION SHEET

MINUTES OF THE House Taxation Committee at 9:00 A.M. on March 19, 2008 in Room 519-S of the Capitol.

Representative Whitham offered an amendment to insert all of sub-section (f), as listed in the original bill, into **Substitute HB 2543**. Representative Lukert seconded. The motion carried.

Representative Davis moved an amendment that would clarify the "occupancy" issue. In Section 1, (b) (2) and (b)(3) strike the words *who is the person or persons that is occupying the newly constructed property*. Representative Dillmore seconded.

Representative Dillmore made a substitute motion to strike language in Section 1 (a), *or otherwise occupied for residential or office purposes*, and all of (b). Representative Lukert seconded.

After discussion Representative Dillmore agreed to modify his substitute motion to read *or otherwise occupied for office purposes*. Representative Lukert agreed. Representative Dillmore closed his substitute motion. The motion failed 10-11.

Representative Carlson offered a substitute motion to pass out favorably **Substitute for HB 2543**, as amended, favorable for passage. Representative Worley seconded. The motion carried 12-8.

Representative Brown requested his yes vote be recorded.

**HB 2928 - Enacting the Senior Citizen Property Tax Deferral Act**

Representative Holland distributed a balloon (Attachment 2). He explained the following changes on page 2:

1. Sec. 4 (a), line 13, Strike ~~July 1, 2008~~ and insert *making the claim for deferral*.
2. Sec. 4 (e), line 26, Strike ~~and~~
3. Sec. 4 (f), line 28, strike ~~market~~, and insert *appraised* and on line 29 insert the following language *as determined by the county or district appraiser; and (g) the property is covered by a property and casualty policy*.
4. Sec. 6, line 32, strike ~~In accordance with appropriation acts, upon,~~ and insert paragraph in balloon pertaining to pooled money investment
5. Sec. 6, lines 33 & 34, strike ~~the department shall pay,~~ and insert *there shall be paid*

Representative Holland made a motion to adopt the balloon amendment into **HB 2928**. Representative Treaster seconded the motion. The motion carried.

The meeting was adjourned at 10:00 A.M. The next meeting is March 20, 2008.

# HOUSE TAXATION COMMITTEE

DATE: 3-19-08

NAME	REPRESENTING
Michelle Peterson She [unclear]	Pipitob Strategies Intern
Judy Mohr	KAC
Larry R Bass	LKM
ERIK SARTORIUS	City of Overland Park
Marlee Carpenter	KS Chamber
Phil Perry	HBA of GKC
Ron Secher	Hein Law Firm
Duane Simpson	KAEP
Shanira Stafford	ICAGP
Hal Hudson	KS Pest Control Assoc.
MIKE Taylor	UNIFIED Gov
Dan Murray	Federico Consulting
Tom PALACE	PMCA OF KS
Ray Wilk	Guest of Chair
Ben Cleaves	DOB
David R. Corbin	KDOR
Richard Crum	KDOR
Roger Hamm	KDOR

To the House Taxation Committee

Richard Cram

March 19, 2008

**Historical Information on the Disabled Access Tax Credit (K.S.A. 79-32,175)**

Representative Wilk, Chair, and Members of the Committee:

Historical information on the usage of the disabled access tax credit is presented below.

In 2002 the Department began tracking the personal residence credits vs. business facility credits separately. Information follows for those years:

<b>Personal Residence</b>		
Ta Year	# of Filers	Amount of Credit Allowed
2006	30	\$64,500
2005	77	\$143,608
2004	75	\$118,825
2003	74	\$112,318
2002	49	\$95,303
<b>Business Facility</b>		
Tax Year	# of Filers	Amount of Credit Allowed
2006	8	\$14,421
2005	43	\$65,191
2004	57	\$75,029
2003	49	\$73,881
2002	68	\$104,823

(Tax year 2006 information is not complete.)

Disabled access tax credit information before 2002 (not broken out between residence vs. business claimants):

Tax Year	# of Filers	Amount of Credit Allowed
2001	140	\$241,055
2000	158	\$298,742
1999	100	\$187,663
1998	82	\$145,304
1997	79	\$147,012
1996	59	\$129,851
1995	102	\$158,392
1994	100	\$181,770
1993	77	\$142,898
1992	71	\$97,078
1991	34	\$23,744
1990	5	\$5,139

A question was raised concerning how the income limitations for the personal residence credit are applied. The income limitations for the personal residence credit are based upon the Kansas adjusted gross income as reported on the tax return. So singles and joint filers with the same adjusted gross income have the same percentage of expenditures eligible for credit. In other words, there is no extra percentage applied for joint filers. A single taxpayer filing a return showing Kansas adjusted income over \$55,000 would not be eligible for the credit. Likewise, a married-filing jointly taxpayer reporting over \$55,000 of Kansas adjusted gross income on the return would not be eligible for the credit.

A question was also raised concerning the refundable portion of the tax credit, for individual taxpayers with Kansas income tax liability of less than \$2,250. The tax credit is refundable, but it is paid out over a 4-year period, with 25% of the difference between the amount of the credit and the tax liability refunded in the first year, 33% of the amount carried over from the first year exceeding liability is refunded in the second year, 50% of the amount carried forward from the second year exceeding liability is refunded in the third year, and any remaining unused credit exceeding liability is refunded in the fourth year. If the individual taxpayer's Kansas income tax liability exceeds \$2,250 in the year the credit is earned, then any excess credit over liability can be carried forward for a period of up to 4 years.



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## DISABLED ACCESS CREDIT

### DISABLED ACCESS CREDIT

INCOME AND PRIVILEGE TAXPAYERS-Effective for all taxable years beginning after December 31, 1977.

The disabled access credit is available to individual and business taxpayers who make their property accessible to the disabled.

### QUALIFICATIONS

The property must be:

- a personal residence located in Kansas; or,
- an existing building, facility, or equipment located in Kansas and used in a trade or business or held for the production of income.

Specifications for making a building or facility accessible and usable by the disabled must be in conformity with Title I and Title III of the Americans with Disabilities Act of 1990, 42 USCA 12101 et seq. and 28 CFR Part 36 and 29 CFR 1630 et seq.

### QUALIFIED EXPENDITURES

Expenditures incurred to remove an existing architectural barrier qualify for the disabled access credit. Effective July 1, 1997, the construction of a small barrier free living unit attached to the principal residence also qualifies as an eligible expenditure.

Expenditures incurred to modify or adjust an existing facility or piece of equipment for the purpose of employing individuals with a disability qualifies for the disabled access credit.

### CREDIT AMOUNT

For individual taxpayers, a certain percentage of expenditures, based on adjusted gross income is allowed as a credit, or \$9,000 whichever is less, not to exceed the taxpayers income tax liability.

An individual with a tax liability of less than \$2,250, is allowed a refund in the first year the credit is claimed of 25% of the amount that exceeds the liability. In the second year the refund is 33% of the amount carried over from the first year which exceeds the liability. In the third year, the refund is 50% of the amount carried over from the second year which exceeds the liability. In the fourth year, any remaining credit exceeding the liability is refunded.

An individual with a tax liability of \$2,250 or more may carry forward any amount of credit which exceeds the income tax liability for a period of four years.

For a business taxpayer, the credit is 50% of the actual expenditures or \$10,000 whichever is less, not to exceed the taxpayers income or privilege tax liability.

A business may carry forward any amount of credit which exceeds the income or privilege tax liability for a period of four years.

**PROCEDURES TO CLAIM THE CREDIT**

You may download [Schedule K-37](#) to claim the disabled access credit. This schedule must be completed and submitted with the income or privilege tax return. You may also call the Department of Revenue voice mail system at (785) 296-4937 to request Schedule K-37. You will be asked to give your name, address, phone number and form (s) you desire. Please allow two weeks for delivery of your forms.

[Back to Tax Credits page.](#)

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# K-37

(Rev. 8/07)

# KANSAS DISABLED ACCESS CREDIT

For the taxable year beginning, \_\_\_\_\_, 20\_\_\_\_; ending \_\_\_\_\_, 20\_\_\_\_.

Name of taxpayer (as shown on return)	Social Security Number or Employer ID Number (EIN)
If partner, shareholder or member, enter name of partnership, S corporation, LLC or LLP	Employer ID Number (EIN)

### PART A – GENERAL INFORMATION

- Alterations are in compliance with the Americans with Disabilities Act of 1990?  Yes  No (If no, you do not qualify for this credit.)
- Address of property altered \_\_\_\_\_  
Street Address \_\_\_\_\_ City \_\_\_\_\_
- Date alterations were completed \_\_\_\_ / \_\_\_\_ / \_\_\_\_\_.

### PART B – RESIDENCE

- This is a:  Personal residence  Residence of a lineal ancestor or offspring

	Qualified Year	Carry Fwd Year	Carry Fwd Year	Carry Fwd Year
5. Tax year .....				
6. Amount of expenditures incurred this tax year .....				
7. Percentage of expenditures eligible for credit .....				
8. Allowable expenditures (Multiply line 6 by line 7) .....				
9. Credit limit (Amount on line 8 or \$9,000, whichever is less) .....				
10. Carry forward from prior year's K-37 (Line 18 from prior year) .....				
11. Tax liability for current year (After other nonrefundable credits) .....				
12. Credit used in this tax period (See instructions) .....				
13. Refundable portion of credit (See instructions) .....				
14. Allowable credit (If this is your 1st year, enter amount from line 9; otherwise enter amount from line 10; see instructions) .....				
15. Refundable percentage .....	25%	33%	50%	100%
16. Multiply line 14 by line 15 .....				
17. Refund (Subtract line 11 from line 16; cannot be less than zero) ...				
18. Carry forward (Subtract the sum of lines 12 and 17 from amount on line 14; cannot be less than zero) .....				

### PART C – BUSINESS

- Expenditures attributable to removal or equivalent facilitation of an existing architectural barrier ..... \$ \_\_\_\_\_  
 b. Have you made all or any portion of an existing facility accessible to individuals with a disability?  Yes  No
- Expenditures attributable to modification or adaptation of an existing facility in order to employ individuals with a disability ..... \$ \_\_\_\_\_  
 b. Have you modified or adapted an existing facility or piece of equipment to employ individuals with a disability?  Yes  No
- Total costs incurred ..... \$ \_\_\_\_\_
- 50% of expenditures ..... \$ \_\_\_\_\_

	Qualified Year	Carry Fwd Year	Carry Fwd Year	Carry Fwd Year	Carry Fwd Year
23. Tax Year .....					
24. Credit (Line 22 or \$10,000, whichever is less) .....					
25. Proportionate share percentage .....					
26. Your share of credit .....					
27. Carry forward .....					
28. Total credit available (Add lines 26 & 27) .....					
29. Tax liability for this year .....					
30. Amount of credit this year (Lesser of lines 28 or 29) .....					
31. Carry forward (Subtract line 30 from line 28) .....					

### PART D – MODIFICATIONS TO FEDERAL TAXABLE INCOME

- Depreciation claimed on capitalized expenditures deducted on federal return ..... \$ \_\_\_\_\_
- Attributable expenses deducted on federal return ..... \$ \_\_\_\_\_
- Total (Must be added back in each subsequent year the entity files a Kansas return; see instructions) ... \$ \_\_\_\_\_



# INSTRUCTIONS FOR SCHEDULE K-37

## GENERAL INSTRUCTIONS

The disabled access credit under K.S.A. 79-32,175 *et seq.* is available to individual and business taxpayers that incur certain expenditures to make their property accessible to the disabled. The property must be an existing building, facility, or equipment located in Kansas and used in a trade or business or held for the production of income OR the property must be a personal dwelling located in Kansas. The credit is taken in the taxable year in which the modifications are completed.

To qualify for this credit, the specifications for making a building/facility accessible and usable by the disabled must be in conformity with Title I and Title III of the Americans with Disabilities Act of 1990, 42 USCA 12101 *et seq.* and 28 CFR Part 36 and 29 CFR 1630 *et seq.* As used here, "facility" does not include new construction or any addition made to an existing facility, except a principal dwelling.

**Principal dwelling:** K.S.A. 79-32,176 provides that the principal dwelling credit include a taxpayer's principal dwelling or the principal dwelling of a lineal ascendant or descendant, including the construction of a small barrier-free living unit attached to the principal dwelling.

**Qualified Expenditures:** Only the expenditures that will make an *existing* facility accessible to individuals with a disability by removing or facilitating an existing architectural barrier qualify for the credit. Expenditures to modify or adapt an *existing* facility or equipment in order to employ individuals with a disability are also eligible for the credit.

Construction expenditures incurred for making a principal dwelling accessible to individuals with a disability are eligible for the credit. Any part of any expense paid or incurred in connection with the new construction or substantial renovation of a business facility or the normal replacement of depreciable property DOES NOT qualify for this credit.

**Required Documentation:** You must enclose the following with Schedule K-37:

- Detailed description of the alterations made,
- Schedule showing computation of amounts entered on lines 19a or 20a.

## SPECIFIC LINE INSTRUCTIONS

### PART A — GENERAL INFORMATION

**LINE 1** - Indicate if the alterations are in compliance with the Americans with Disabilities Act of 1990. If "No," you do not qualify for the credit. **Important:** Enclose a detailed description of the modifications made with this form. If the alterations were made to the residence of a lineal ancestor or descendant, include their name and relationship to you in this detailed description.

**LINE 2** - Enter the address of the residence, facility or equipment on which you are claiming the credit.

**LINE 3** - Enter the month, day and year the alterations were completed to make the dwelling, facility or equipment accessible.

### PART B — RESIDENCE

**LINE 4** - If you are claiming this credit for alterations made to **your personal residence or to the personal residence of a lineal ancestor or offspring**, complete PARTS B and D of this credit schedule. If you are claiming this credit for alterations made to **an existing business facility or to business equipment**, complete PARTS C and D.

**LINE 5** - Enter the current tax year.

**LINE 6** - Enter the total expenses incurred in making your personal dwelling or that of a lineal ancestor or descendant accessible to the disabled incurred in this tax year.

**LINE 7** - Using the amount of your Kansas Adjusted Gross Income from line 3 of Form K-40, enter the applicable percentage from the table below.

Kansas Adjusted Gross Income		Percentage of expenditures eligible for credit
Over	But not over	
\$ 0	25,000	100%
25,000	30,000	90%
30,000	35,000	80%
35,000	40,000	70%
40,000	45,000	60%
45,000	55,000	50%
55,000		0

**LINE 8** - Multiply line 6 by line 7.

**LINE 9** - If this is the first year you are claiming this credit, enter the lesser of line 8, or \$9,000 in the first column. This amount must also be entered on the appropriate line of Form K-40 or Form K-41.

**LINE 10** - If this is the second, third or fourth year you are claiming the credit enter the lesser of line 9 or the amount of the carry forward available from your prior year's Schedule K-37 in the appropriate column.

**LINE 11** - Enter your Kansas income tax liability after deducting all tax credits other than the Kansas Disabled Access Credit.

**LINE 12** - Credit used in this tax year. Enter amount on line 9 or line 11, whichever is less.

**LINE 13** - Refundable portion of this credit. Subtract line 11 from line 9.

**LINE 14** - If this is the first year you are claiming this credit, enter the lesser of line 9 or \$9,000 in the first column. If

this is the second, third or fourth year you are claiming the credit, enter the amount from line 10 in the appropriate column.

**IMPORTANT:** If line 11 (tax liability for current year) of this schedule is \$2,250 or more, skip lines 15 and 16, enter zero on line 17 and calculate line 18.

**LINE 15** - This is the percentage of the disabled access credit eligible for refund.

**LINE 16** - Multiply line 14 by line 15 only if your tax liability reported on line 11 is less than \$2,250.

**LINE 17** - Subtract line 11 from line 16. Enter this amount on the appropriate line of your return. This amount cannot be less than zero.

**LINE 18** - Subtract the sum of lines 12 and 17 from line 14. Do not enter an amount less than zero. This amount will be entered on line 10 of next year's Schedule K-37 as a carry forward from a prior year.

#### **PART C — BUSINESS**

Costs incurred in making a business facility accessible to individuals with a disability or in making equipment usable for the employment of individuals with a disability are used to determine your disabled access credit. In most instances, the expenditures would be capitalized and depreciated over the life of the improvement. However, any expenses that were not capitalized but deducted as current expenses are also recognized in computing your disabled access credit.

**LINE 19a** - Enter the capitalized expenditures and/or business expense deductions that were specifically attributable to the removal or equivalent facilitation of an existing architectural barrier for the purpose of making a facility accessible to individuals with a disability.

**LINE 19b** - Indicate whether you have made all or any portion of an existing facility accessible to individual with a disability.

**LINE 20a** - Enter the capitalized expenditures and/or business expense deductions that were specifically attributable to the modification or adaptation of a facility or equipment for the purpose of employing individuals with a disability.

**LINE 20b** - Indicate whether you have modified or adapted an existing facility or piece of equipment to employ individuals with a disability.

**LINE 21** - For income taxpayers, add lines 19a and 20a and enter the total on line 21. For privilege tax purposes, enter the amount from line 19a on line 21. (The privilege tax credit does not include the provision for adaptation or modification of equipment for employment purposes.)

**LINE 22** - Multiply line 21 by 50%.

**LINE 23** - Enter the Tax Year in which the expenditures were made.

**LINE 24** - Enter the amount on line 22 or \$10,000, whichever is less.

**LINE 25** - Partners, shareholders or members: Enter the percentage that represents your proportionate share in the partnership, S corporation, LLC or LLP. All other taxpayers: Enter 100%.

**LINE 26** - Multiply line 24 by line 25. This is your total credit for the amount invested this year.

**LINE 27** - Enter the amount of carry forward available to this return from a prior year's Schedule K-37. Enclose a copy of the prior year's Schedule K-37 with this form.

**LINE 28** - Add lines 26 and 27. This is the total credit available this tax year.

**LINE 29** - Enter the total Kansas tax liability for the current tax year after deducting all credits other than the Kansas Disabled Access Credit.

**LINE 30** - Enter the amount from line 28 or line 29, whichever is less. This is the credit allowable for investments made this tax year. Enter this amount on the appropriate line of your return for this tax credit.

**LINE 31** - Subtract line 30 from line 28. This amount cannot be less than zero. Enter this amount on the appropriate line of next year's Schedule K-37 as the amount of excess credit to be carried forward.

#### **PART D — MODIFICATIONS TO FEDERAL TAXABLE INCOME**

**LINE 32** - Enter the amount of depreciation claimed as a current business expense deduction on your federal income tax return for the capitalized expenditures entered on lines 19a and 20a. Enclose a schedule showing your computations.

**LINE 33** - Enter the amount of business expense deduction claimed on your federal income tax return for the capitalized expenditures entered on lines 19a and 20a.

**LINE 34** - Add lines 32 and 33. This is the total depreciation and expense claimed on your federal income tax return. Enter this amount on the applicable line on your Kansas Income Tax return as "Other Additions" to federal taxable income. If filing Form K-40, enter this amount on Part A of Schedule S.

#### **TAXPAYER ASSISTANCE**

For assistance in completing this schedule contact:

Taxpayer Assistance Center  
Kansas Department of Revenue  
Docking State Office Building, 1<sup>st</sup> Floor  
915 SW Harrison St.  
Topeka, KS 66625-2007

Phone: (785) 368-8222  
Hearing Impaired TTY: (785) 296-6461  
Fax: (785) 291-3614

Additional copies of this income tax credit schedule and other tax forms are available from our web site at [www.ksrevenue.org](http://www.ksrevenue.org)

## HOUSE BILL No. 2928

By Special Committee on Assessment and Taxation

2-21

9 AN ACT relating to property taxation; enacting the senior citizen prop-  
10 erty tax deferral act.

11

12 *Be it enacted by the Legislature of the State of Kansas:*

13 Section 1. The provisions of this act shall be known and may be cited  
14 as the senior citizen property tax deferral act.

15 Sec. 2. As used in this act, unless the context otherwise requires:

16 (a) "Act" means the senior citizen property tax deferral act;

17 (b) "homestead" means the owner-occupied residence of the  
18 taxpayer;

19 (c) "real property taxes" means all ad valorem taxes levied on a home-  
20 stead, including special assessments and all other charges which are re-  
21 coverable by law at the annual real estate tax sale;

22 (d) "tax-deferred property" means the property upon which real  
23 property taxes are deferred pursuant to this act; and

24 (e) "taxpayer" means a person who has filed or whose guardian, con-  
25 servator or attorney-in-fact has filed a claim for deferral pursuant to this  
26 act or persons who have jointly filed a claim for deferral under this act.

27 Sec. 3. (a) Subject to the provisions of this act, a person who is 65  
28 years of age or older, on or before December 31 of the year in which  
29 such person is seeking to defer real property taxes under this section may  
30 elect to defer all or part of such person's real property taxes for such year,  
31 except that the total amount which may be deferred shall not exceed  
32 \$2,500. To exercise such person's option, the taxpayer shall file a claim  
33 for deferral with the secretary of revenue along with the taxpayer's state  
34 income tax return on or before April 15 of each year in which such person  
35 claims the deferral. The secretary of revenue shall approve or deny a claim  
36 and notify the county treasurer of the county of residence of the person  
37 who claims the deferral of the approved deferral on or before June 15 of  
38 each year in which such person claims the deferral. The county treasurer  
39 shall notify any lienholder of record on a property on which property  
40 taxes shall be deferred of the approved deferral on or before July 1 of  
41 each year in which such person claims the deferral.

42 (b) When the taxpayer files a valid claim for deferral under subsection  
43 (a), it shall have the effect of:

Proposed Amendments to  
House Bill No. 2928

1 (1) Deferring the payment of all or part of such person's real property  
2 taxes for the year in which the claim is filed; and

3 (2) creating the lien for such deferred taxes.

4 (c) If a guardian, conservator or attorney-in-fact has been appointed  
5 for a taxpayer otherwise qualified to claim deferral of taxes under this act,  
6 the guardian, conservator or attorney-in-fact may act for such taxpayer in  
7 claiming the deferral.

8 Sec. 4. In order to qualify for real property tax deferral under this  
9 act, the property shall meet all of the following requirements at the time  
10 the claim is filed and so long thereafter as payment is deferred:

11 (a) The property shall be the homestead of the taxpayer prior to  
12 claiming the deferral and the taxpayer shall have resided in such home-  
13 stead for at least 10 years prior to July 1, 2008;

14 (b) the taxpayer claiming the deferral shall, own or jointly own with  
15 another person residing in the homestead, own the fee simple estate or  
16 be purchasing the fee simple estate under a recorded instrument of sale  
17 except that nonresidence of the joint owner in the homestead because of  
18 ill health of the joint owner shall not prevent the taxpayer from meeting  
19 the requirement of this subsection;

20 (c) the taxpayer claiming the deferral and all members of the tax-  
21 payer's household shall have combined Kansas adjusted gross income not  
22 exceeding \$60,000 for the preceding tax year;

23 (d) the property for which the deferral is claimed shall not be income-  
24 producing;

25 (e) all real property taxes for years prior to the year for which the  
26 election is made shall have been paid; and

27 (f) the total unpaid balances of debts secured by mortgages and other  
28 liens on the property shall not exceed 50% of the market value of the  
29 property.

30 Sec. 5. Interest shall accrue on deferred taxes at a rate as provided  
31 pursuant to K.S.A. 79-2968, and amendments thereto.

32 Sec. 6. ~~In accordance with appropriation acts, upon~~ issuance of the  
33 certificate of deferral by the department of revenue, ~~the department shall~~  
34 ~~pay~~ to the county treasurer the amount certified as deferred. This amount  
35 shall be distributed by the county treasurer in the same manner the tax  
36 would have been if regularly paid.

37 Sec. 7. The lien for deferred taxes and accrued interest shall be filed  
38 in the county of residence of the taxpayer who claimed the tax deferral.  
39 A separate lien shall be filed for each valid claim for deferral. Such lien  
40 shall attach on the date of recordation of the certificate for deferral, shall  
41 be junior to any mortgage or deed of trust recorded prior to the date of  
42 recording of such certificate and shall have priority over all liens attaching  
43 subsequent to the date of recording such certificate. There shall be no

making the claim for deferral

appraised

as determined by the county or district appraiser; and  
(g) the property is covered by a property and  
casualty insurance policy

(a) The pooled money investment board is hereby authorized  
to loan to the department of revenue to meet payment  
obligations of the department pursuant to the provisions of this  
act. The pooled money investment board is authorized and  
directed to use any moneys in the operating accounts,  
investment accounts or other investments of the state of Kansas  
to provide funds for such loans. Upon certification to the pooled  
money investment board by the secretary of revenue of the  
amount of each loan authorized pursuant to this act, the pooled  
money investment board shall transfer each such amount to the  
state treasurer in accordance with the provisions of K.S.A.  
75-4215, and amendments thereto. Upon receipt of each such  
remittance, the state treasurer shall deposit the entire amount in  
the state treasury to the credit of the senior citizen property tax  
deferral fund, which shall not be a part of the state treasury. All  
expenditures from such fund shall be made upon warrants of the  
director of accounts and reports issued pursuant to vouchers  
approved by the secretary of revenue or by a person or persons  
designated by the secretary. Amounts deposited under this  
section shall not be subject to any limitation imposed by any  
appropriation act by the legislature.

there shall be paid

(b) Upon

1 filing fee for any lien filed as required pursuant to the provisions of this  
2 act.

3 Sec. 8. (a) On and after the date of payment by the department of  
4 revenue to the county treasurer as provided in section 6, and amendments  
5 thereto, the right to receive payment of the deferred taxes and accrued  
6 interest and to enforce the lien created by deferral shall be vested in the  
7 department.

8 (b) If payment of the deferred taxes and accrued interest is tendered  
9 to the county treasurer, the county treasurer shall accept payment, give  
10 a receipt therefor, and remit the money collected to the department of  
11 revenue in accordance with the provisions of K.S.A. 75-4215, and amend-  
12 ments thereto. Upon receipt of each such remittance, the department  
13 shall deposit the entire amount in the state treasury to the credit of the  
14 state general fund.

15 (c) Promptly upon receiving payment of deferred taxes and accrued  
16 interest, the department of revenue shall issue a release of the deferred  
17 tax lien, which release shall be given or sent to the person making pay-  
18 ment. Copies of the release shall be sent to the county treasurer and the  
19 county appraiser.

20 Sec. 9. (a) All deferred real property taxes, including accrued inter-  
21 est, become payable subject to sections 10 and 11, and amendments  
22 thereto, when:

23 (1) The taxpayer who claimed the tax deferral dies;

24 (2) the property on which the taxes were deferred is sold or becomes  
25 subject to a contract of sale or title to the property is transferred to a  
26 person other than the taxpayer who claimed the tax deferral;

27 (3) the property is no longer the homestead of the taxpayer who  
28 claimed the deferral, except in the case of a taxpayer required to be absent  
29 from such tax-deferred property by reason of ill health; or

30 (4) the tax-deferred property no longer meets the requirements of  
31 subsection (d) of section 4, and amendments thereto.

32 (b) When the county appraiser or county treasurer has reason to be-  
33 lieve any of the circumstances enumerated in this section have occurred,  
34 the county appraiser or the county treasurer shall promptly notify the  
35 department of revenue.

36 Sec. 10. (a) Whenever any of the circumstances listed in section 9,  
37 and amendments thereto, occurs:

38 (1) No further tax deferrals may be claimed on the property until all  
39 unpaid taxes thereon, including previously deferred taxes and interest,  
40 have been paid; and

41 (2) all deferred taxes and accrued interest shall be due and payable  
42 90 days after the circumstance occurs, except as provided in subsection  
43 (b) and in section 11, and amendments thereto.

2-3

1 (b) Notwithstanding any provision of this section to the contrary,  
2 when the taxpayer dies, the deferred taxes and accrued interest shall be  
3 due and payable 180 days after the taxpayer's death.

4 Sec. 11. (a) Notwithstanding the provisions of section 9, and amend-  
5 ments thereto, when either of the circumstances listed in paragraphs (1)  
6 or (3) of subsection (a) of section 9, and amendments thereto, occurs, the  
7 spouse of the taxpayer may elect to continue the property in its tax-de-  
8 ferred status if:

9 (1) The spouse of the taxpayer is or will be 60 years of age or older  
10 when the circumstance occurs; and

11 (2) the property is the homestead of the spouse of the taxpayer and  
12 meets the requirements of subsections (b) and (c) of section 4, and  
13 amendments thereto.

14 (b) The election granted under subsection (a) shall be filed in the  
15 same manner as a claim for deferral is filed under section 3, and amend-  
16 ments thereto, not later than 90 days from the date the circumstance  
17 occurs. Thereafter, the property shall continue to be treated as tax-de-  
18 ferred property and the county treasurer and state treasurer shall with-  
19 draw any action taken under section 10, and amendments thereto. When  
20 the property has been continued in its tax-deferred status by the spouse  
21 of the taxpayer, the spouse may continue the property in its tax-deferred  
22 status in subsequent years by filing a claim, as provided in this act, and  
23 amendments thereto, annually if the property continues to be eligible for  
24 tax-deferred status.

25 Sec. 12. The secretary of revenue shall submit to the governor and  
26 the legislature on an annual basis a report concerning tax deferrals as set  
27 forth in this act. Such report shall include data concerning the number  
28 of taxpayers establishing claims for deferral, the amount of taxes deferred  
29 in each county and such other data as the secretary may deem useful.

30 Sec. 13. The secretary of revenue shall adopt rules and regulations  
31 to administer the provisions of this act.

32 Sec. 14. The provisions of this act shall commence on and after Jan-  
33 uary 1, 2009. No person may first submit a claim for deferral of property  
34 taxes pursuant to this act after December 31, 2013.

35 Sec. 15. This act shall take effect and be in force from and after  
36 January 1, 2009, and its publication in the statute book.