

SESSION OF 2005

SUPPLEMENTAL NOTE ON SENATE BILL NO. 133

As Amended by House Committee on
Governmental Organization and Elections

Brief*

SB 133 relates to the homestead property tax refund program. The bill would change the procedures for using a person's homestead property tax refund for the prior year to pay or offset a portion of the first half of the claimant's homestead property taxes currently due by:

- ! Clarifying claimants are to be given an election to receive the refund directly from the Kansas Department of Revenue (KDOR) or have the refund applied to the claimant's county tax bill;
- ! Providing for electronic record transfer and record keeping, and
- ! Eliminating the requirement that the claimant appear physically in the county treasurer's office.

The bill also would index annually the upper income threshold (currently \$26,300) based on the inflation rate, beginning with tax year 2005.

Background

Senator Dennis Wilson; representatives of the treasury functions of Johnson County and the Unified Government of Wyandotte County/Kansas City, Kansas; and the Kansas Association of Counties provided testimony in support of SB 133. No conferees appeared in opposition to the bill.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The Senate Committee on Elections and Local Government amended the bill to add clarification that claimants have a choice of how to receive the refund, and the provision for electronic record transfer and record keeping.

The Senate Committee of the Whole amended the bill to index the upper income threshold applicable to the homestead property tax refund.

The House Committee made technical amendments to the bill.

According to the fiscal note prepared by the Division of the Budget, passage of the bill would require revisions to specific publications of the KDOR, but these costs would be absorbed by the Department. In addition, while existing KDOR staff will perform the required programming modifications, the fiscal note stated that expenditures for outside contract programmer services beyond the current KDOR budget might be required, if the combined effect of implementing this bill and other enacted legislation exceeds KDOR's programming resources or if the time for implementing the changes is too short. Any fiscal effect associated with SB 133 would be in addition to amounts in *The FY 2006 Governor's Budget Report*.

According to testimony provided by a KDOR spokesman, the Senate Committee of the Whole amendment to increase the upper income threshold would result in a State General Fund reduction of approximately \$25,000 in FY 2007. The fiscal impact for the fiscal years after 2007 is contained in the following table:

| <u>Fiscal Year</u> | <u>Fiscal Impact</u> |
|------------------------|--------------------------|
| 2008 | \$ 50,000 |
| 2009 | \$ 75,000 |
| 2010 | \$ 100,000 |
| 2011 | \$ 125,000 |