



February 4, 2025

The Honorable Adam Smith, Chairperson
 House Committee on Taxation
 300 SW 10th Avenue, Room 346-S
 Topeka, Kansas 66612

Dear Representative Smith:

SUBJECT: Fiscal Note for HB 2005 by Representative Proctor, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2005 is respectfully submitted to your committee.

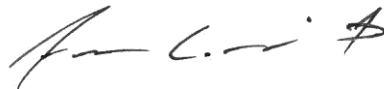
HB 2005 would enact the Veterans' Valor Property Tax Relief Act, that would provide veterans who have been deemed permanently and totally disabled or unemployable a refundable income tax credit equal to 75.0 percent of the property and ad valorem taxes actually and timely paid on the residential property of the taxpayer. The tax credit would be effective beginning in tax year 2025. Taxpayers receiving this credit would be prohibited from participating in the Homestead Property Tax Refund Program or the Selective Assistance for Effective Senior Relief (SAFE Sr) Program. The Department of Revenue would have the authority to write rules and regulations regarding the filling of documents to support the amount of the tax credit claimed.

Estimated State Fiscal Effect			
	FY 2025	FY 2026	FY 2027
Expenditures			
State General Fund	--	\$209,975	\$64,060
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Expenditures	--	\$209,975	\$64,060
Revenues			
State General Fund	--	(\$11,400,000)	(\$12,200,000)
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
Total Revenues	--	(\$11,400,000)	(\$12,200,000)
FTE Positions	--	1.00	1.00

The Department of Revenue estimates that HB 2005 would decrease State General Fund revenues by \$11.4 million in FY 2026, \$12.2 million in FY 2027, and \$13.0 million in FY 2028. To formulate these estimates, the Department of Revenue reviewed data on disabled veterans from the U.S. Veterans Administration. Data shows there are approximately 8,681 veterans who are deemed permanently and totally disabled or unemployable in Kansas. The Department has estimated that approximately 4,037 of these disabled veterans would qualify for this program, taking into consideration that 75.0 percent of veterans own their own home and 38.0 percent are already claiming either the Homestead Property Tax Refund Program or SAFE Sr Program.

The Department of Revenue indicates that it would require a total of \$209,975 from the State General Fund in FY 2026 to implement the bill and to modify the automatic tax system. The bill would require the Department to hire 1.00 new position to answer questions from taxpayers and to assist with the administration of this new program. The Department estimates that ongoing expenses for salaries and wages for the 1.00 position would total \$64,060 from the State General Fund in FY 2027. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required. Any fiscal effect associated with HB 2005 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue