

MINUTES OF THE HOUSE COMMITTEE ON TAXATION

The meeting was called to order by Chairman Edmonds at 9:00 a.m. on February 7, 2002 in Room 519-S of the Capitol.

All members were present except: Representative Cook, excused
Representative Kirk, excused
Representative Mays, excused
Representative Wilson, excused

Committee staff present: Chris Courtwright, Legislative Research Department
April Holman, Legislative Research Department
Don Hayward, Revisor
Winnie Crapson, Secretary

Conferrees appearing before Committee: Representative Toplikar

Others Attending: See attached list.

By unanimous consent bill will be introduced at the request of Representative Sloan to permit Douglas County residents to vote on a sales tax. [HB 2828 - Douglas County authorized to impose sales tax for industrial and recreational park purposes]

By unanimous consent bill will be introduced at the request of Representative Findley for a sales tax exemption for entities who contract with SRS to provide services. [HB 2827 - Sales tax exemption for certain substance abuse prevention service providers]

Informational hearing on HB 2377 - Income tax credit for property tax paid by certain individuals.

Representative Toplikar appeared before the Committee to present information concerning **HB 2377**, introduced by Representative Toplikar and thirty-four other Representatives. Representative Toplikar distributed copies of the testimony he presented in support of **HB 2377** at the hearing held in this Committee on February 19, 2001 (Attachment #1). He explained that the bill would allow a refundable income tax credit equal to the property tax actually paid on the principal dwelling of Kansas residents who are 65 years of age or older and who have a Kansas adjusted gross income of \$30,000 or less. The credit would be on a sliding scale. Representative Toplikar called attention to Corrected Fiscal Note dated April 3, 2001 which reported that based upon tax data from 1999, estimated levels of property tax payments, and population data, this bill would decrease State General Fund revenues by an estimated \$923,790 in Fiscal Year 2002. No population data were considered in the original Fiscal Note dated February 16, 2001, which estimated that 62,150 taxpayers would have a Kansas adjusted gross income of less than \$30,000. The Corrected Fiscal Note finds there would be only 6,889 eligible for the credit.

He testified that the main purpose of the bill was to allow low income and poor seniors on fixed incomes to continue to live in areas where the appraisals keep going up. He presented an example of a constituent whose property is now surrounded by much more expensive houses built recently which has significantly raised the appraisal value. He noted that most members of the committee were cosponsors of **HB 2377**. Representative Toplikar pointed out that the full property tax would still be paid with the credit applicable to income tax.

In response to a question, Richard Cram of the Department of Revenue said whether or not the required programming changes would be done by the Department would depend upon the timeframe. If there were a very short timeframe, it might be necessary to hire an outside programmer.

Representative Toplikar noted that the Corrected Fiscal Note indicates that 10,000 people probably would not be taking this credit because the Homestead Tax Credit would be more advantageous.

Informational hearing on HB 2377 was closed.

CONTINUATION SHEET

The Committee considered **HB 2377**.

Representative Howell moved, Representative Gatewood seconded, that HB 2377 be amended to reflect current dates. Motion carried.

Representative Howell moved, Representative L. Powell seconded, that HB 2377 as amended be reported favorable for passage. Motion carried.

Representative Owens noted that while he represents a number of senior citizens and would support this bill, as had his predecessor, he believes it will be an interesting trade-off given the Social and Rehabilitation Services budget problems and the need to support programs for senior citizens who receive services from SRS.

The meeting adjourned at 9:30 a.m.

The next meeting of the Committee will be February 12.