

MINUTES OF THE SENATE ASSESSMENT AND TAXATION COMMITTEE

The meeting was called to order by Chairman Barbara Allen at 10:45 A.M. on January 17, 2007 in Room 519-S of the Capitol.

All members were present.

Committee staff present:

Chris Courtwright, Kansas Legislative Research Department
Martha Dorsey, Kansas Legislative Research Department
Gordon Self, Office of Revisor of Statutes
Jason Thompson, Office of Revisor of Statutes
Judy Swanson, Committee Assistant

Conferees appearing before the committee:

Bruce Larkin, Kansas Department of Revenue
Mike Taylor, United Government of Wyandotte County

Others attending:

See attached list.

SB 26: Adjustments to the homestead property tax act related to refunds and filing requirements

Bruce Larkin, Kansas Department of Revenue, said the bill would make two changes: 1) change the percentage of rent paid for renters attributable to property taxes from 20% to 15%, and 2) eliminate the requirement that a copy of the property tax statement be included with the return, which will allow for electronic filing of homestead returns. (Attachment 1) KDOR supports enhancing the program by increasing the maximum refund amount from \$600 to \$700.

Mike Taylor, Unified Government of Wyandotte County, testified in favor of SB **26**. (Attachment 2) He said it is a positive, effective and cost-efficient way to assist those citizens who may struggle to pay their property tax bills.

SB 27: Verification of income by certain claimants who are renters under the homestead property tax refund act

Bruce Larkin, KDOR, testified this bill was requested by KDOR to address an issue of potential fraud. (Attachment 3) He said the change would allow KDOR to deny those returns where the income does not exceed the rent by 150%, subject to the claimant providing proof of other exempt income.

SB 28: Providing asset test requirement for claimants of homestead property tax refunds

Bruce Larkin, KDOR, said this bill would place an asset test of \$250,000 or less as a qualifier for a homestead refund. (Attachment 4) Mr. Larkin introduced Chad Sullivan and Lori McNery, KDOR, who assisted in answering Committee questions regarding filling out the application to qualify for the homestead exemption.

Mr. Larkin said he would explore KDOR's ability to look at real versus paper losses on income tax returns. The definition of "assets" as currently in the bill means gross assets, and this should probably be discussed further. Inserting home valuation amount as a qualifying factor for homestead exemption might be an alternative option for this bill. Senator Apple requested information to determine if valuation of primary residence, instead of net worth, could be inserted in the bill.

Hearing on **SB 26**, **SB 27** and **SB 28** was closed.

CONTINUATION SHEET

MINUTES OF THE Senate Assessment and Taxation Committee at 10:45 A.M. on January 17, 2007 in Room 519-S of the Capitol.

Mr. Larkin reviewed the the process of how taxpayers apply for the homestead exemption, and what they need to do to meet requirements. To be eligible, a person must make less than \$28,000 annually, be a Kansas resident for twelve months and meet one of the following three criteria:

- be over the age of 55 for an entire year
- be disabled
- have a child who is 18 years old or younger for a period of twelve months

Most agencies serving low income people request KDOR assistance in disseminating information on applying for homestead exemption to the people potentially qualifying for the exemption. Renters are more difficult to get information from than homeowners. In 2006, approximately \$13 million was attributed to homeowners and \$3 million to renters. The fiscal note is \$20 million now. Last year there were 82,000 claims for homestead exemption.

Senator Lee questioned internet vendor forms. She had a constituent who used a form off the internet, and the form was incorrect. Mr. Larkin said not all internet forms were KDOR approved.

Joan Wagnon, Secretary of KDOR, said she will bring back suggestions within two weeks on how **SB 28** could be improved.

Senator Bruce moved to approve the Minutes of the January 11 Committee meeting. Senator Schmidt seconded the motion, and the motion passed.

Being no further business the meeting adjourned at 11:20 a.m. Next Committee meeting will be January 18.