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**MEMORANDUM**

To: Chairman Aurand  
Members of the House Committee on Education

From: Jason B. Long, Senior Assistant Revisor

Date: January 25, 2017

Subject: HB 2078 – Reduction of homestead property tax exemption.

House Bill No. 2078 (HB 2078) concerns the \$20,000 homestead property tax exemption for residential property. Under current law, K.S.A. 79-201x exempts the first \$20,000 of appraised valuation of residential property from the tax levied by school districts under K.S.A. 72-6470. This tax is the statewide 20 mill property tax levy imposed by all school districts.

Under HB 2078, a school district may elect to reduce the amount of appraised valuation that is exempted from the tax levy. Such reduction can extend to the full amount of the exemption so that none of the property is exempted from the property tax. To make such an election the board of education of the school district must adopt a resolution stating the amount of reduction in the tax exemption. The resolution is subject to a 5% protest petition such that if 5% or more of the qualified electors of the school district sign a petition, then the resolution must be approved by the electorate to become effective. Alternatively, the board of education may submit the resolution directly to the electors of the school district for approval.

If the homestead property exemption is reduced, then the proceeds from the tax levied under K.S.A. 72-6470 will increase. This incremental increase in property tax proceeds is to be kept by the school district and deposited in the school district's special education fund.

Finally, new section 3 of the HB 2078 provides that the provisions of K.S.A. 79-201x and the new section authorizing the reduction in the exemption are nonseverable. If any provision of either new section 1 of the bill or K.S.A. 79-201x are found to be unconstitutional, then the entirety of both sections of law are to be deemed null and void.