

MINUTES OF THE HOUSE TAXATION COMMITTEE

The meeting was called to order by Chairperson Steven Johnson at 3:30 pm on Monday, February 24, 2020, in room 112-N of the Capitol.

All members were present except:

Representative Jack Thimesch – Excused

Substitute members:

Representative Joe Seiwert, appointed substitute member to the committee

Committee staff present:

Adam Siebers, Office of Revisor of Statutes

Amelia Kovar-Donohue, Office of Revisor of Statutes

Chris Courtwright, Legislative Research Department

J.G. Scott, Legislative Research Department

Lea Gerard, Committee Assistant

Reed Holwegner, Legislative Research Department

Conferees appearing before the Committee:

Representative Esau, District 14

Representative Croft, District 8

Dave Trabert, Kansas Policy Institute

Representative Kelly, District 11

John Lee, Tax Simple Center

Trisha Purdon, Montgomery County Action Council

David Soffer, Kansas Department of Commerce

Others in attendance:

[See Attached List](#)

Request for bill introductions

Representative Eplee requested a bill be introduced concerning the acquisition and distribution of county wide sales tax dedicated (20-rs-3004). Without objection, the bill was approved for introduction by the Committee.

Representative Wolfe-Moore requested a bill on behalf of Representative Ohaebosim concerning a sales tax exemption for Story Time Village (20-rs-2819). Without objection, the bill was approved for introduction by the Committee.

Representative Croft requested a bill be introduced concerning a tax exemption on the purchases for all 501(c)3's that are federally income tax exempt and includes those that are already approved (20-rs-1972). Without objection, the bill was approved for introduction by the Committee.

Unless specifically noted, the individual remarks recorded herein have not been transcribed verbatim. Individual remarks as reported herein have not been submitted to the individuals appearing before the committee for editing or corrections.

CONTINUATION SHEET

MINUTES of the Committee on Taxation at 3:30 pm on Monday, February 24, 2020, in room 112-N of the Capitol.

Hearing on: HB2668 — Establishing the property tax relief act and providing an expiration for the selective assistance for effective relief credit and the homestead property tax refund.

Adam Siebers, Assistant Revisor, provided an overview for **HB2668** that would create a new refund program for property taxes. The bill will provide a two classification system for those individuals who are less than 65 years of age and for those that are 65 years of age and older. The bill will eliminate the Selective Assistance for Effective Senior Relief (SAFESR) and the Homestead Property Tax Refund after tax year 2020. The Property Tax Relief Act would be available to residential owners earning less than \$50,000 a year. The individual can either have the refund applied to their property taxes or receive the refund directly.

Kathleen Smith, Kansas Department of Revenue provided information on the fiscal note for **HB2668** stating the bill would decrease State Revenues in FY2022 by \$57.1 million, FY2023, \$71.3 million and FY2024, \$85.8 million. **HB2668** would affect around 336,000 taxpayers which includes those that are in the homestead and the Safe Senior Program as well.

Proponents:

Representative Esau testified for **HB2668** stating the question asked by senior citizens in her district who live on a fixed income is what can be done about our property taxes. She noted there is a problem with rapidly increasing property values. The mill levies in her district are staying stable but the property tax in the last five years has gone up 25% which is approximately \$900 over a five-year period. She noted **HB2668** is a way to provide some tax relief for senior citizens and lower income residents that are unable to absorb the increasing tax increases ([Attachment 1](#)).

Representative Croft testified for **HB2668** using a whiteboard to show the components of the Safe Senior Program, the Homestead Program, and the Golden Years Program to be combined into one program. He also explained to the Committee how the property tax rebate works along with the key components of the bill. **HB2668** would be available to property owners with a maximum income of \$50,000 annually and would be adjusted for inflation each year beginning in 2022 ([Attachment 2](#)).

In response to questions, Representative Croft stated **HB2668** would start at the current age of the taxpayer and does not go back to age 65. The rebate for this bill comes from the State General Fund and does not affect local taxes. This bill would replace the Safe Senior Tax Act, the Homestead Act as well as the Golden Years. There is no cap on the valuation of the home. The property tax rebate is not taxable.

Dave Trabert, Kansas Policy Institute, testified for **HB2668** stating the bill provides much needed property tax relief for homeowners especially for those considered as senior citizens. Kansans have many complaints about property tax and being taxed out of their home is one of the most common grievances. He pointed out an e-mail in his testimony that he received last week from a senior citizen

CONTINUATION SHEET

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explaining due to high property taxes, the couple is considering moving out of state unless something is done to stop the relentless mining of senior retirement funds by this state. Mr. Trabert stated for the record property taxes in Kansas increased 151% between 1997 and 2018 which is more than three times the rate of inflation over the same period. He noted Governor Kelly's Tax Council is want to revive the Local Ad Valorem Tax Reduction as a solution to high property taxes. The program didn't work the last time and won't provide tax relief now ([Attachment 3](#)).

Neutral:

John Lee, Tax Simple Center testified for **HB2668** and provided a formula for the bill. ([Attachment 4](#)).

Hearing closed on **HB2668**.

Hearing on: HB2721 — Extending the eligible time period for the rural opportunity zone loan repayment program and income tax credit.

Mr. Siebers provided an overview for **HB2721** to extend the eligibility for the Rural Opportunity Zone Program. Currently the program sunsets June 30, 2021 and **HB2721** would extend the date to June 30, 2024. The bill also extends the sunset date for the income tax credit from January 1, 2022 to January 1, 2024.

Proponents:

Representative Kelly testified for **HB2721** stating the bill would extend the Rural Opportunity Zone from January 1, 2021 to January 1, 2023. for seventy-seven counties in Kansas. He noted the Department of Commerce is working on a potential substitution for the ROZ Program. He stated for Montgomery County, the program has been an important tool to draw new residents to the county to work and live ([Attachment 5](#)).

Trisha Purdon, Montgomery County Action Council testified for **HB2721** which would extend the current sunset date of July 1, 2021 to July 1, 2023 for the Rural Opportunity Program. She stated in Montgomery County there are 125 individuals that have signed up for the student loan forgiveness program. Montgomery county is a heavy manufacturing and trade county and a contributor to the Kansas economy. She noted workforce recruitment is the number one issue facing our area businesses and the ROZ program is a tool to help our area businesses to compete for employees. Ms. Purdon stated industry is looking at rural counties and announced that Montgomery County has a new occupant for a former Amazon Distribution Center ([Attachment 6](#)).

Written testimony for **HB2721** was presented by:

Jim Zaleski, Economic Development Director, SE Kansas, ([Attachment 7](#)).

CONTINUATION SHEET

MINUTES of the Committee on Taxation at 3:30 pm on Monday, February 24, 2020, in room 112-N of the Capitol.

Chad Austin, Kansas Hospital Association, ([Attachment 8](#)).

Neutral:

David Soffer, Kansas Department of Commerce testified for **HB2721** stating early in the session Secretary Toland provided a summary of a report for the ROZ student loan program. He noted there were over 30 counties that do not commit any resources to the program. Over 80% of student loan recipients in 2019 would have moved to the county without the program. He stated the Commerce Department was unable to conduct surveys for individuals in the tax credit program. Currently the Commerce Department is looking at adjustment to make the program more efficient and effective for those that utilize it or want to utilize ROZ. He noted a new plan will be available in the beginning of the 2021 session ([Attachment 9](#)).

Hearing closed for **HB2721**.

Final action on bills previously heard HB2541 — Allowing certain private not-for-profit postsecondary educational institutions to recoup credit card fees by permitting a surcharge for credit card transactions in the same manner as municipal universities, community colleges, technical colleges and vocational educational schools.

HB2541 - Allow certain private not-for-profit postsecondary educational institutions to recoup to credit card fees by permitting a surcharge for credit card transactions in the same manner as municipal universities, community colleges, technical colleges and vocational education school.

*Representative Concannon moved, seconded by Representative Eplee **HB2541** be passed. Motion passed.*

HB2607 - concern property taxation; relating to primary residential property; providing for a property tax installment payment plan.

*Representative Barker moved, seconded by Representative Kelly to amend **HB2607**. Motion passed ([Attachment 10](#)).*

*Representative Kelly moved, seconded by Representative Barker the Committee recommend a Substitute for **HB2607** containing the amendments previously agreed to and the bill be passed. Motion carried.*

HB2517 concerning property taxation relating to agricultural improvement destroyed or substantially destroyed by natural disaster.

Representative Phillips moved, seconded by Representative Gartner, the Committee reconsider.

CONTINUATION SHEET

MINUTES of the Committee on Taxation at 3:30 pm on Monday, February 24, 2020, in room 112-N of the Capitol.

HB2517. *Motion carried.*

Meeting adjourned at 4:50 pm.

Next meeting scheduled is Wednesday March 04, 2020.