House Committee on Taxation
300 SW Capitol Street
Topeka, KS 666

Chairman Johnson and Committee Members,

I support the concept of HB2668.

We have a major issue with property taxes, for those who are less fortunate and for those that built our communities – our seniors. HB2668 addresses both while combining all the other programs (SAFSR, Homestead and Golden Years) into one program. All three of those programs mentioned previously have income, home valuation, age, and status components. They all also have a maximum reimbursement amount. They all require the applicant to decide which they want.

HB2668 focuses on income only in determining property tax rebate. It does have a component for seniors, where property tax is frozen as it is in the Golden Years bill. HB2668 eliminates the disparity where I can receive a benefit, yet someone making the same that I do cannot. It levels the playing field for those who are in need.

SAFSR:
- Rebate is 75% of property tax paid
- Maximum income: $19,800 fixed (Social Security & Disability is not counted toward income)
- Requirements:
  o Resident homeowner for entire year
  o 65 years of age or older
  o Home value: <= $350,000

Homestead:
- Rebate is a maximum of $700
- Maximum income: <$35,000 (adjusts for inflation) (All income received is counted)
- Requirements:
  o Resident homeowner for entire year
  o 55 years of age or older or Surviving Military Spouse or having a dependent child or disabled (disabled vet of 50% or greater)
 o Home value: <= $350,000

Golden Years:
- Rebate is a maximum of $1,000 - $3,000 depending on program
- Maximum income: <= $50,000 (fixed)
- Requirements:
  o Resident homeowner for entire year
  o 65 or older
  o Home value: <= $350,000

HB2668:
- Property tax rebate: The percentage of property tax rebate is set currently at a standard 25%. The legislature is tasked with adjusting the percentage every two years to account for the economic situation. If no adjustment is made it will remain at 25%. The percentage of property tax rebate slopes steadily from the top percentage to 0% at the maximum income level. The formula for the slope is the normal slope formula of rise over run.

- Maximum income: <= $50,000 and adjusts for inflation
- Property tax rebate is based on income. The maximum income that can receive a rebate is set at $50,000 and adjusts for inflation.
- Home valuation: eliminated. Considered other options but home valuations are a major issue and is something that is causing a lot of debate. As a result, we decided not to include valuations.
- Seniors – when a homeowner reaches 65 years old, the property tax is essentially frozen. Freezing property taxes are unconstitutional so this program will effectively freeze the property taxes. As long as the homeowner is over 65 and their income is less than the maximum value then their property taxes will remain at the level when they were 65. The freezing is done by refunding the difference between what they paid in the current tax year and the property tax level they paid in the year they turned 65. This does NOT impact local taxes collected. This is a rebate from the SGF as are all the circuit breaker programs.
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Property Tax Rebate
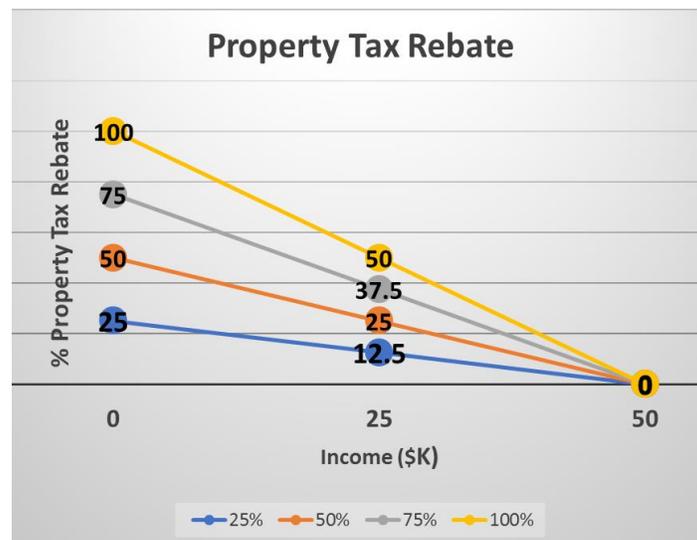
Key Components:
- Base = Property Tax Paid (Base is "frozen" when taxpayer turns 65 and income remains below MAX)
- MAX (X-Axis) adjusts for inflation
- MAX (X-Axis) and % Property Tax Rebate (Y-Axis) is adjusted biannually by the legislature based on the economic environment, NOTE: If legislature cannot decide, then % Property Tax Rebate is set automatically at 25% and Income MAX is set at $50,000 adjusted for inflation using 2021 as the base year.
- % Property Tax Rebate is set based SOLEY on Income
- Income calculated using tax filing
- Married filing jointly – household income is divided by two
- No home valuation component
- Homeowners only – no renters component
- Must live in house for entire tax year

Example:
Property Taxes Paid
- Johnson County home, 4 bedroom, 3.5 bath
- 2018 - $4,631.59 (Appraised Value: $343,600)
- 2019 - $5,045.26 (Appraised Value: $381,800; an increase of 11.12%)
- (NOTE: Undercurrent plans the homeowner would qualify in 2018, however, not in 2019. Home originally built for $240,000 in 1997)

2018:
- 19 – 65 years of age
- Income = $25,000
- % Property Tax Rebate = 12.5%
- Base = Property Tax Paid for Tax Year = $4,631.59
- Rebate = Base x % Property Tax Rebate = $4,631.59 x 12.5% = $578.95

2020:
19-65 years of age
- Income = $25,000
- % Property Tax Rebate = 12.5%
- Base = Property Tax Paid for Tax Year = $5,045.26
- Rebate = Base x % Property Tax Rebate = $5,045.26 x 12.5% = $630.66

66 year of age
- Income = $25,000
- % Property Tax Rebate = 12.5%
- Base = Property Tax Paid in Year Turned 65 years of age = $4,631.59
- Rebate 1 = Base x % Property Tax Rebate = $4,631.59 x 12.5% = $578.95
- Rebate 2 = Difference between property tax paid this is tax year and the base property tax = $5,045.26 (Tax Year 2019) - $4,631.59 (Base or property tax paid year turned 65) = $413.67
- Total Rebate = Rebate 1 + Rebate 2 = $578.95 + $413.67 = $992.62

Thank you for your consideration of HB2668. We are very interested in helping those that are less fortunate and those that built our communities!

Sincerely,

Chris Croft