

March 8, 2022

The Honorable Caryn Tyson, Chairperson  
Senate Committee on Assessment and Taxation  
Statehouse, Room 548-S  
Topeka, Kansas 66612

Dear Senator Tyson:

**SUBJECT:** Fiscal Note for SB 540 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 540 is respectfully submitted to your committee.

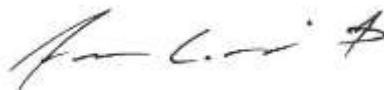
SB 540 would expand the Selective Assistance for Effective Senior Relief (SAFESR) tax credit beginning in tax year 2022. Under current law, taxpayers that are 65 years of age or older with household income equal to or less than 120.0 percent of the federal poverty level for two persons and the appraised value of their residence is under \$350,000 are eligible to claim the 75.0 percent SAFESR tax credit on the amount of property taxes that are timely paid. The bill would expand the SAFESR tax credit to allow taxpayers with household income more than 120.0 percent and equal to or less than 200.0 percent of the federal poverty level for two persons to be able to claim a 50.0 percent tax credit for the amount of property taxes that are timely paid. The bill would allow taxpayers with household income more than 200.0 percent and equal to or less than 285.0 percent of the federal poverty level for two persons to be able to claim a 25.0 percent tax credit for the amount of property taxes that are timely paid.

Estimated State Fiscal Effect				
	FY 2022 SGF	FY 2022 All Funds	FY 2023 SGF	FY 2023 All Funds
Revenue	--	--	(\$40,250,000)	(\$40,250,000)
Expenditure	--	--	\$121,729	\$121,729
FTE Pos.	--	--	--	1.00

The Department of Revenue estimates that SB 540 would decrease State General Fund revenues by \$40,250,000 in FY 2023, by \$41,860,000 in FY 2024, and by \$43,540,000 in FY 2025. To formulate these estimates, the Department of Revenue reviewed housing data from the U.S. Census Bureau and housing and property tax data from the Property Valuation Division of the Department of Revenue. The Department estimates that approximately 53,598 new households would participate in the expanded SAFESR tax credit program for tax year 2022. The estimate for FY 2023 includes 100.0 percent of tax year 2022 tax liability. The Department assumes that property taxes would increase by 4.0 percent each year.

The Department of Revenue indicates that it would require a total of \$121,729 from the State General Fund in FY 2023 to implement the bill and to modify the automated tax system. The bill would require the Department to hire 1.00 new FTE position to manage the expansion of this tax credit program and to answer questions from taxpayers. The bill would require \$56,854 from the State General Fund in FY 2024 and in future fiscal years for the ongoing costs for the new FTE position. This bill would require modifications to the automated tax system. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required. Any fiscal effect associated with SB 540 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,



Adam Proffitt  
Director of the Budget

cc: Lynn Robinson, Department of Revenue  
Jay Hall, Association of Counties