

Kansas House of Representatives

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House Committee on Taxation

HB 2063 - Income tax credit for property taxes paid on homestead damaged by natural disaster.

Chairman Richard Carlson, Vice Chair Scott Schwab, Ranking Minority Member Tom Sawyer, and Members of the Committee on Taxation,

On April 14, 2012, an EF-3 tornado swept through neighborhoods in my legislative district. The most significant damage was in Oaklawn, specifically the 150-unit Pinaire Mobile Home Park. More than 90 mobile homes sustained damage of more than 50 percent.

I have attached several news articles that describe the issue at length. Please read about this event.

I understand that property tax is paid on real estate for the previous year. It is true that the tax I pay for my home is based on tax assessments during the previous year. Unfortunately, this knowledge does not make people feel better if they make those payments when the home is more than 50% destroyed. When they lose their home from a natural disaster, the tax bills still arrive and the government expects these bills to be paid, regardless whether the home even exists at all.

The Governor has stated that Kansas should prepare itself for natural disasters. I agree! Ideally, we would not be dependent on the federal government when bad things happen within our state. It would be prudent to plan ahead just as Kansas families should. Subject to appropriations, should such a disaster relief fund become reality, I believe it would be reasonable to draw from those funds to pay a tax credit to the property tax account of people that have lost their homes. The application for such a credit could be limited in dollars or by income level if necessary.

The bill states the payment will come as an income tax credit. I would rather the money be paid directly as property tax on behalf of the home owner and pro-rated for the year. If this account is overpaid, a refund can be paid to the homeowner by the county treasurer. Otherwise, the property tax account may remain unpaid as the owner ignores the tax bill and receives and spends the credit. This is a critical change that must be adopted. Property tax relief credits will be rare but very useful and will level the county budgets when disaster strikes. I understand concern for a very large event. Should this happen, we can limit the benefit to the amount in the relief fund.

Finally, I would like to use the Presidential declaration of course, but I would also like to add the governor as an in-state option even if the federal government does not acknowledge the event.

One of the articles states that President Susan Wagle was interested in a bill that provided this relief. Also, Joplin Missouri has had this provision since before the big tornado there struck that community. They did receive relief. This is a common sense issue and I urge you to support HB2063.

House Taxation  
Date: 2/11/13  
Attachment: 1

# Kansas officials eye disaster relief fund

Associated Press

February 11, 2012

Topeka — Kansas legislators are modifying a proposal from Republican Gov. Sam Brownback's administration to establish a fund to cover the state's share of federally declared disasters.

Brownback wants to use \$12 million from taxes collected each year on insurance premiums to establish what essentially would be a rainy day fund for disasters that cause extensive damage to infrastructure and property.

The goal is to avoid a repeat of last year, when lawmakers adjourned without financing \$27 million the state owed for its share of disaster-related expenses, the bulk of which was owed to rural electric cooperatives.

Typically, federal funds cover 75 percent of disaster-related costs, local entities, including municipalities and nongovernment entities, pay 15 percent, and the state covers the final 10 percent.

Senators have proposed adding another \$10 million per year to the disaster fund by tapping into fees the Kansas Universal Service Fund collects on wireless and land-line telecommunications. An additional fee would be charged on customers' monthly bills to cover the expense, similar to how the state funds emergency communication services, such as 911 operations.

Senate Majority Leader Jay Emler said the administration seemed to be OK with expanding the fund.

"If you look at the 14 open disaster (cases) that we have, if that total amount comes due this next fiscal year, \$12 million is a little over half of what we need," said Emler, a Lindsborg Republican.

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## Wichita tornado brings destruction, but no deaths

By ROY WENZL and RICK PLUMLEE

The Wichita Eagle

The tornado that sliced through south Wichita late Saturday night did a lot of things.

It caused more than \$280 million in damage. It clobbered dozens of homes in an Oaklawn mobile home park and it battered Spirit AeroSystems enough to close the plant temporarily.

The one thing it didn't do was kill anyone.

"The citizenry of Kansas did an amazing job of getting prepared for it," Gov. Sam Brownback said Sunday afternoon as he toured tornado damage in Oaklawn and south Wichita. "People took it seriously, they got out of the way, they prepared for it, and as a result of that, and the grace of God, we had no fatalities."

The National Weather Service said the tornado that tore through the area was an EF-3, with maximum winds of 165 mph. It was part of an outbreak that saw nearly 100 reports of tornadoes, though it's still unclear how many tornadoes there were.

No deaths or critical injuries were reported in the state, which many credited to weather forecasters warning impending severe weather 24 to 48 hours in advance.

Seventeen injuries were reported in Sedgwick County, according to the Sedgwick County Emergency Operations Center. Only four of those were serious enough to require hospitalization.

“We knew well ahead of time that this was going to be ugly,” Sedgwick County Commissioner Tim Norton said. “People listened. They sheltered in place, and we are very fortunate it didn’t go through some major residential areas and that there wasn’t any loss of life.”

In the Wichita area, the most significant damage was in Oaklawn, specifically the 150-unit Pinaire Mobile Home Park. More than 90 mobile homes sustained damage of more than 50 percent.

Six other homes in Sedgwick County were reported destroyed, three were damaged, and a condominium was damaged.

County and city officials had originally estimated damage at \$283 million but said on Sunday the total might be lower.

“You just really appreciate the destructive power of a tornado when you see an I-beam wrapped around a tree,” Brownback said after his tour of the area.

He promised residents and recovery workers that their needs will be a priority for state government. He said an assessment is under way to determine whether the damage is severe enough to trigger federal disaster aid.

Brownback issued a declaration of a state-of-disaster emergency for 39 counties.

All buildings at the Spirit AeroSystems facility received some damage; six sustained significant damage. Spirit, the city’s largest private employer, is closed until at least Tuesday.

The company is putting together a plan to resume operations, said Spirit CEO Jeff Turner.

“It will be a couple days before we have a good, solid plan,” he said.

Boeing and Hawker Beechcraft had minor damage, as did McConnell Air Force Base, which reported small power outages and minor damage to fences, buildings and trees. Planes at the Kansas Aviation Museum also were damaged.

Approximately 30 area residents were sheltered overnight by the American Red Cross at the Derby Rec Center. Officials expected a similar number to spend the night Sunday.

The Derby and Wichita school districts each closed two schools and said they couldn’t provide bus transportation from the affected areas because of street closings.

About 7,300 homes and businesses in Sedgwick County were still without power Sunday evening, down from a peak of about 25,000. Crews from throughout the region, including about 75 crews that are independent contractors, were working to restore power and replace power poles that had snapped in two. It may be Tuesday before power is fully restored, said Leonard Allen, a spokesman for Westar.

Westar said heavy traffic from curious sightseers is slowing down power restoration. Sedgwick County emergency dispatchers asked people to stay out of southeast Sedgwick County unless absolutely necessary.

'Working together'

The sound of chain saws buzzed all day in Oaklawn as family, friends and others showed up to help clear limbs and twisted trees.

"We're working together," said David Parker, one Oaklawn resident. "We have to help each other."

Many of the residents were working on very little sleep, if any at all. Law enforcement officers and Kansas National Guardsmen had made a house-to-house check to see whether everyone was OK, often knocking on doors as late as 3 a.m. Sunday. Once they were checked, houses were marked with spray paint.

In the mobile home park on Sunday, with all residents cleared out, there was an eerie quiet. The little neighborhood lacked the usual sounds of cars moving, doors opening and children playing. Living rooms lay open to the sky, walls shattered around them. Trees were broken and stripped of leaves, but some limbs were festooned with shreds of aluminum or foam insulation.

It was easy to see that David Smith and his family had lost everything in the tornado; the five of them stood outside the closed Kwik Shop near 47th South and Clifton in Oaklawn, wearing shorts in the breezy 60-degree weather. Only one of them, 6-year-old Sarah, was wearing a jacket.

They were mud-spattered, and tired, and it was obvious to anyone who saw them that everything they owned in the world was what they were wearing. They had their clothes and the dog named Gizmo, the only one of four beloved pets they were able to save before their house was destroyed.

When the tornado struck, David's soon-to-be wife, Dawn Gunter, had just come home to the Pinaire Mobile Home Park from Sonic. At the Kwik Shop 12 hours later, she was still wearing her Sonic shirt, and the wet socks she wore when she waded through the storm water before and after.

David and Dawn got the three girls into the trailer park storm shelter with only minutes to spare before roofs and walls exploded. In the shelter, people yelled and screamed as the wind tore things apart outside. After the wind stopped howling, David Smith went out among the broken mobile homes, looking for survivors.

The loss of the missing pets had the kids feeling down, though Smith assured them he'd do his best.

"I will look for them," he told the kids. "But if I can't find them, I can't find them."

Their home was destroyed. A neighbor had told them she saw what she thought was their backyard trampoline in a roadway three miles to the north.

Smith said he had no idea where they might sleep on Sunday night. They'd gathered with other survivors at the local recreational center, though none of them slept much. The girls — Kristan, 11, Pearl, 9, and Sarah — appeared to be in an upbeat mood, though Kristan said she'd had what she thought was a panic attack after the storm hit.

Smith made phone calls and stood outside in the cool air. He grinned.

"Things happen for a reason," he said.

Some communities lucky

Other communities counted themselves lucky.

E County apparently suffered light damage, even with the tornado on the ground.

“We’re sitting here going, ‘Wow, how did that happen?’ ” Butler County Emergency Management director Jim Schmidt said Sunday.

A tree blew onto a house near Andover, he said, and another tree blew over onto a car in El Dorado. Other than that, officials were finding only minor tree damage.

“Boy, you would have thought there’d be a lot more damage,” Schmidt said. “It’ll be interesting to see what the weather service’s damage survey teams find.”

Contributing: Dion Lefler, Suzanne Tobias, Travis Heying, Beccy Tanner and Stan Finger of The Eagle; Associated Press

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### **Eagle editorial: Tax bills add to injury**

There may be little the Legislature can do to help the survivors of the April 14 tornado, but it can help future disaster victims by changing state law so Kansans no longer must pay a full year’s property taxes on homes destroyed during the year.

As Dion Lefler’s article in the Sunday Eagle demonstrated, such property-tax bills can seem like a cruel mistake to those who receive them.

“I lost my home, so why should I have to keep paying?” asked Matthew Ratlief, a resident of the devastated Pinaire Mobile Home Park in Oaklawn.

“It’s not a lot of money, (but) that’s not right. I don’t have a property anymore. It’s gone,” said the Rev. Doyle Edwards, a former Pinaire resident whose brother Joe Edwards was just elected to the Kansas House.

The situation seems especially strange to affected homeowners because the taxation of their totaled cars stops right away, while the real-estate taxes accumulate by the hundreds or thousands of dollars through the end of the year.

The reason is a state law declaring that real and tangible personal property shall be appraised by the county appraiser at its fair-market value as of Jan. 1, with no provisions for abating taxes on property lost to storms, fires or other incidents after that date.

Sedgwick County Treasurer Linda Kizzire suggested charging taxes for only the first half of the year on homes destroyed during the period – which would be an improvement, but could still stick people with several months of taxes on nonexistent homes.

In contrast, victims of the Joplin, Mo., tornado in May 2011 were able to remove homes from the tax rolls effective the next month if they were made uninhabitable by the storm.

What seems like a commonsense change for Kansas may find few champions at local governments, which could see a significant hit to their property-tax revenue in the wake of a monster tornado. (As happened in

Joplin, where the assessed value of residential property in Jasper County dropped by about \$14.9 million for 2011, to just more than \$675 million, according to the Joplin Globe.)

But the status quo doesn't pass the fairness test.

To her credit, incoming Senate President Susan Wagle, R-Wichita, wants to look into the issue and see how lawmakers might improve it for the future.

Prorating such taxes may prove complicated, but the Legislature needs to act on what seems like a glaring case of government adding insult to injury.

For the editorial board, Rhonda Holman

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Read more here: <http://www.kansas.com/2012/12/11/v-print/2599131/eagle-editorial-tax-bills-add.html#storylink=cpy>

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## **FEMA Will Not Offer Assistance To Sedgwick County Residents**



**KAKE TV - Wednesday, April 25, 2012**

"I was the second one out of the shelter, and I saw the devastation. It looked like a war zone. There were flames shooting in the air, debris everywhere. It was a total nightmare," said Bill Richter.

At that moment, Richter and his family knew they were homeless.

The EF-3 tornado tore away two mobile homes his family owned.

"We lived there for 12 years. We didn't have any insurance. We tried to get some help, but FEMA isn't coming to help," said Richter.

Many of the home-owners in the Pinaire Mobile Home Park faced the same issue; their homes were either too old to insure, or the cost to insure them would have been more than the home's worth.

FEMA doesn't care about those facts.

"We haven't met the criteria. We needed to have 250 homes that are 40% destroyed that do not have insurance. We're not even close to that number," said Bill Buchanan, Sedgwick County Manager.

## **Tornado Cost Wichita, Kansas Area \$146.3M**

April 23, 2012

Sedgwick County, Kansas, officials say the tornado that hit Oaklawn and southeast Wichita on April 14 caused an estimated \$146.3 million in damage.

County officials say the tornado damaged or destroyed 776 homes and 86 businesses, and affected another 3,481 residences and 165 businesses. That total includes 11 homes that were totally destroyed.

The Wichita Eagle reports mobile homes are not included in that figure because they are classified as personal property. In the Pinaire Mobile Home Park, 92 mobile homes suffered more than 50 percent damage.

Other damage reported was to power poles, traffic signals and street signs.