

SESSION OF 2013

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR SENATE
BILL NO. 165**

As Amended by Senate Committee of the Whole

Brief*

Sub. for SB 165 would authorize counties to grant property tax abatement or credits to owners of homesteads destroyed or substantially destroyed by earthquake, flood, tornado, fire, storm, or other event that the governor has declared a disaster, taking effect for taxable years after December 31, 2011.

If the destruction occurs between January 1 and August 15, the owner could apply to the board of county commissioners for the abatement on property taxes due in the current year; or if, in this time period, the taxes have been paid or partially paid, the homeowner could apply for a credit against property taxes payable during any or all of the following three taxable years. If the destruction occurs after August 15 but before the end of the year, the owner could apply to the board of county commissioners for a credit against taxes payable by the owner during any or all of the following three taxable years.

Subject to budgetary restraints of the county or taxing subdivision, the board of county commissioners would be responsible for receiving applications for abatement or credits and assessing the valuation of destroyed or substantially destroyed homesteads and would then issue an order so providing. The board could not grant an application to owners who have received funds from a public or private buyout or insurance proceeds equal to or greater than 50 percent of the pre-disaster value of the homestead.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The bill also would amend existing law to state clearly that a board of county commissioners would not be prohibited from entering into an agreement whereby the board agrees to pay the full amount of the taxes assessed or levied against any person or property on behalf of such person.

The bill would be in effect upon publication in the *Kansas Register*.

Background

The Senate Committee on Assessment and Taxation recommended a substitute bill. The substitute bill makes the following changes to the original bill:

- Allows rather than obligates owners to apply for the tax abatement or credits;
- Provides the option for a credit for taxes paid or partially paid on homesteads destroyed between January 1 and August 15 of a taxable year; and
- Adds definitions for “destroyed or substantially destroyed”, “homestead”, and “public or private buyout.”

The bill was introduced in the Senate and referred to the Committee on Assessment and Taxation. Senator Petersen provided oral testimony in support of the bill, and Senators O’Donnell and Faust-Goudeau provided written testimony as proponents. Senator Peterson provided amendments and requested the adoption of a substitute bill at the time the Committee took action on the bill.

A representative from the Kansas Association of Counties provided written testimony in opposition to the bill at the Senate Committee hearing.

The Senate Committee of the Whole amendment inserts an existing to the statute to the bill, with new language that

clearly states a board of county commissioners would not be prohibited from creating an agreement in which the board pays the full amount of assessed taxes, so long as the amount is properly apportioned to the county, municipalities, school districts, and other taxing subdivisions entitled.

The fiscal note for the bill, as introduced, provided by the Division of the Budget could not estimate the fiscal impact of the bill, but noted there would be some undetermined reduction in revenue collected for the Educational Building Fund and the State Institutions Building Fund; lower property taxes would also reduce the revenue for local school districts, requiring increased state aid through the school finance formula. A fiscal note on the substitute bill was not immediately available.