

To: Senate Assessment and Taxation
From: Chardae Caine, Research Associate
Date: February 14, 2019
RE: Neutral Testimony on Senate Bill 91 – Written Only

The League of Kansas Municipalities appreciates the opportunity to offer neutral testimony on Senate Bill 91. We recognize the concern property tax payments may place on a homeowner. The legislation as drafted attempts to alleviate this issue for some Kansas residents.

Most property tax relief bills introduced in the legislature mandate a reduction or rebate of property taxes by the local taxing entity. Many cities are nearly entirely reliant on the property tax for funding operations, as that is the primary funding tool allowed by the legislature. Requiring them to spend those limited tax dollars on rebates would result in an unfunded mandate placing an undue burden on local governments. The fact that this legislation uses state tax dollars for this relief makes it a more palatable policy.

Criteria in the bill include homeowners who are 65 years or older or disabled veterans; who have a household income of \$50,000 or less, a homestead with the appraised value of \$350,000 or less, and if there is no mortgage or any other security interest on the homestead.

Through establishing the Golden Years Homestead Property Tax Freeze Act, the Kansas Department of Revenue will be responsible for implementing a process, in cooperation with county clerks and county treasurers, to determine the eligibility of participation and use funds from the income tax refund fund to provide a relief in the form of property tax payments or reimbursements of approved claims. The bill also amends the Homestead Property Tax Refund Act to include eligible residents who rent their homestead to receive a property tax refund.

Article 11, Section 1 of the Kansas Constitution states, "...the legislature shall provide for a uniform and equal basis of valuation and rate of taxation of all property subject to taxation." The current appraisal process in Kansas provides a fair tax system for all Kansas residents that is based on fair market value. We believe this bill authorizes relief while maintaining a uniform and equal basis of valuation for property in Kansas and, therefore, eases our concerns of maintaining constitutionality within the legislative policy making process.

Thank you for the opportunity to provide our concerns. We ask that the Committee consider SB 91 carefully before any action is taken.