

February 14, 2024

The Honorable Caryn Tyson, Chairperson  
 Senate Committee on Assessment and Taxation  
 300 SW 10th Avenue, Room 548-S  
 Topeka, Kansas 66612

Dear Senator Tyson:

**SUBJECT:** Fiscal Note for SB 453 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 453 is respectfully submitted to your committee.

Under current law, persons who are 65 years of age and older or a disabled veteran of any age, meeting certain household income and homestead valuation requirements can participate in the Senior or Disabled Veteran Property Tax Relief Program. SB 453 would remove the age qualification, which would allow all persons meeting the household income and homestead valuation to participate in this program. The bill would exclude Social Security payments from the definition of household income. The bill would increase the maximum appraised value of an eligible claimant's home in the base year from \$350,000 to \$500,000 and provide for future increases to this amount based upon the ten-year average percentage change in statewide residential valuations of existing residential real estate. The bill would increase the maximum amount of household income for which taxpayers would be eligible for this refund option from \$50,000 to \$80,000; however, there would be no household income limitation for disabled veterans. These changes would become effective retroactive to begin in tax year 2022. The deadline to file claims for tax year 2022 and tax year 2023 would be extended to April 15, 2025.

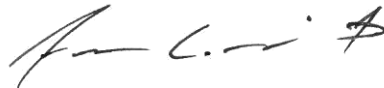
Estimated State Fiscal Effect			
	FY 2024	FY 2025	FY 2026
<b>Expenditures</b>			
State General Fund	--	\$194,166	\$122,531
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
<b>Total Expenditures</b>	--	\$194,166	\$122,531
<b>Revenues</b>			
State General Fund	--	(\$235,200,000)	(\$144,900,000)
Fee Fund(s)	--	--	--
Federal Fund	--	--	--
<b>Total Revenues</b>	--	(\$235,200,000)	(\$144,900,000)
<b>FTE Positions</b>	--	2.00	2.00

The Department of Revenue estimates that SB 453 would decrease State General Fund revenues by \$235.2 million in FY 2025, by \$144.9 million in FY 2026, and by \$175.8 million in FY 2027.

To formulate these estimates, the Department reviewed valuation data from its Division of Property Valuation and the U.S. Census Bureau. The Department assumes that the median value of housing units owned by individuals is \$195,014, the estimated median value of property tax in the base year is \$2,325, and property taxes will increase by 5.21 percent each year. The Department estimates that removing the 50.0 percent of Social Security benefits originally included in the definition of household income for the Senior or Disabled Veteran Property Tax Relief Program, increasing the maximum appraised value of an eligible claimant's home in the base year, increasing the household income threshold, removing the age limit, and making these program changes retroactive to tax year 2022 and tax year 2023 would increase the estimated number of eligible households by 192,399. The estimate for FY 2025 includes the fiscal effect of taxpayers amending their tax returns from tax year 2022 and tax year 2023.

The Department of Revenue indicates that it would require a total \$194,166 from the State General Fund in FY 2025 to implement the bill and to modify the automated tax system. The bill would require the Department to hire 2.00 new FTE positions to answer questions from taxpayers. The Department estimates that ongoing expenses for salaries and wages for the 2.00 new FTE positions and overhead expenses would total \$122,531 from the State General Fund in FY 2026. 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 453 is not reflected in *The FY 2025 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt  
Director of the Budget

cc: Lynn Robinson, Department of Revenue