

January 30, 2023

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 80 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 80 is respectfully submitted to your committee.

SB 80 would exclude Social Security payments from the definition of household income used to determine eligibility of certain seniors and disabled veterans for the Homestead Property Tax Refund Program. This change would become effective beginning in tax year 2023.

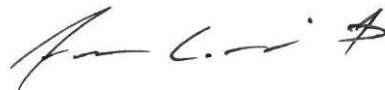
Estimated State Fiscal Effect				
	FY 2023 SGF	FY 2023 All Funds	FY 2024 SGF	FY 2024 All Funds
Revenue	--	--	(\$2,090,000)	(\$2,090,000)
Expenditure	--	--	\$66,249	\$66,249
FTE Pos.	--	--	--	--

The Department of Revenue estimates that SB 80 would decrease State General Fund revenues by \$2,090,000 in FY 2024, \$4,260,000 in FY 2025, and \$6,510,000 in FY 2026. 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 that are 65 years old or older is \$150,653, the estimated median value of property tax in the base year is \$2,371, and property taxes will increase by 4.0 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 new Homestead Property Tax Refund Program for seniors and disabled veterans would increase the estimated eligible

households by 22,000. The bill does not change the definition of “household income” for the original Homestead Program or SAFE SR program.

The Department indicates that the bill would require \$66,249 from the State General Fund in FY 2024 to implement the bill and to modify 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 80 is not reflected in *The FY 2024 Governor’s Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", followed by a stylized flourish or symbol.

Adam Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue