

Taxation

K-1 Homestead Program

When Kansas enacted the Homestead Property Tax Refund Act in 1970, it became the sixth state to enact a “circuit-breaker” style of property tax relief.

A “circuit-breaker” is a form of property tax relief in which the benefit is dependent on income or other criteria and the amount of property taxes paid. This moniker developed as an analogy to the device that breaks an electrical circuit during an overload, just as the property tax relief benefit begins to accrue once a person’s property taxes have become overloaded relative to his or her income.

Currently, 34 states, including Kansas, have some form of circuit-breaker program.

In 27 states, excluding Kansas, renters are permitted to participate in the programs.

Eligibility Requirements

- Household income of \$34,450 or less; and
- Someone in the household is:
 - Age 55 or above;
 - A dependent under age 18;
 - Blind; or
 - Otherwise disabled.

Renters were eligible (15.0 percent of rent was equivalent to property tax paid) until tax year 2013.

Program Structure

The current Kansas Homestead Refund Program (Program) is an entitlement for eligible taxpayers based upon their household income and their property tax liability. The maximum available refund is \$700 and the minimum refund is \$30.

Legislative History

A 2006 change to the Program expanded it by approximately \$4.5 million. The 2007 Legislature enacted an even more significant expansion of the Program, which increased the size of the Program by an additional \$9.9 million.

PROGRAM CLAIMS AND REFUNDS			
	Eligible Claims Filed	Amount	Average Refund
FY 2011	120,029	\$42.860 million	\$357
FY 2012	126,762	\$43.049 million	\$340
FY 2013	115,719	\$37.586 million	\$325
FY 2014	86,082	\$29.415 million	\$342
FY 2015	70,343	\$23.032 million	\$327
FY 2016	76,202	\$25.968 million	\$341
FY 2017	79,737	\$24.649 million	\$309
FY 2018	83,155	\$24.948 million	\$324

Among the key features of the 2007 expansion law:

- The maximum refund available under the Program was increased from \$600 to \$700;
- 50.0 percent of Social Security benefits were excluded from the definition of “income” for purposes of qualifying for the Program; and
- A residential valuation ceiling prohibits any homeowner with a residence valued at \$350,000 or more from participating in the Program.

Hypothetical Taxpayers

The impact of the 2006 and 2007 Program expansion legislation is demonstrated on the following hypothetical taxpayers.

HOMESTEAD REFUND			
	Pre-2006 Law	2006 Law	2007 Law
Elderly couple with \$1,000 in property tax liability and \$23,000 in household income, \$11,000 of which comes from Social Security benefits.	\$72	\$150	\$385
Single mother with two young children, \$750 in property tax liability and \$16,000 in household income.	\$240	\$360	\$420
Disabled renter paying \$450 per month in rent, with \$9,000 of household income from sources other than disability income.	\$480	\$528	\$616

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