

# *“ THE PECK PERSPECTIVE ”*

(From the Capitol)

February 23, 2022

**The half-way point:** This week, called “turn around”, marks the half-way point of the 2022 legislative session. Bills not in “exempt” committees – Assessment & Taxation, Ways & Means and Federal & State Affairs – must pass the chamber of origin, or be considered finished for the term. That’s not to say a non-exempt bill won’t still pass; it just means passage becomes less likely – or more difficult to accomplish.

As a member of the Senate Assessment and Taxation committee, I thought the mid-way point as a good time to write about some of the legislation the committee has worked on – or is still working on. The following bills have not passed the legislature, but since Tax is an exempt committee, all are still available for passage this year. I assure you, the Committee Chairwoman, Caryn Tyson, and I will continue to work for their passage. They’re all good for Kansas taxpayers.

**Property tax cuts:** Last week, the Senate Tax Committee put their stamp of approval on two bills designed to provide property tax relief. Both were introduced by Tyson, and both are ideas I mentioned during my pre-session listening tour around the district.

**SB 464:** First up is a bill, SB 464, that would eliminate the 1.5 mills in property taxes the State assesses for the Education Building Fund (EBF) and the State Institution Building Fund (SIBF). If passed, the bill will take effect January 1, 2023 and provide Kansas property tax payers an annual savings of \$66.3 million. SB 464 does not eliminate the EBF and SIBF funding, but simply transfers the funding from an assessment on property taxes to the State General Fund. Additionally, SB 464 contains language providing the SIBF with an automatic annual increase in funding of 2.0 percent.

With home values and property taxes on the rise, instead of building fancier buildings, proportional to the increases in property taxes from rising appraisals, SB 464 would allow the state to provide for the two building funds at a consistent level for needed maintenance and/or improvements.

**SB 431:** The Committee also passed SB 431; a bill that, beginning this year, will increase the 20-mill school property tax levy exemption from \$20,000 of valuation to \$65,000 of valuation. The increase in exemption is projected to save property tax payers \$83 million annually. This savings is on top of the \$66.3 savings in the aforementioned SB 464.

During committee debate, I offered an amendment to implement a formula for the exemption to be increased each tax year. The amendment was adopted and says the \$65,000 exemption *"shall be adjusted to reflect the average percentage change in statewide residential valuation of all residential real property for the preceding 10 years."*

The current \$20,000 exemption was put in place in 1997. Using the *Case-Shiller US National Home Price Index* (the formula put in place by my amendment), from 1997 to November of 2021 home prices increased by 228.9%. That means the \$20,000 in 1997 is equal to \$65,780 in 2021.

**SB 432:** A third bill that passed out of committee, SB 432, is one I authored. It creates a back-to-school sales tax holiday starting the first Thursday in August and ends at midnight the following Sunday. Not a new idea – it's something I managed to get the Kansas House to pass, while I was a House member, on at least four different occasions.

Parents, grandparents and teachers know it can get expensive in preparation for students to return to the classroom each Fall. As written, SB 432 would save money on purchases of clothing, school supplies, school instructional materials, art supplies, computer software and personal computers.

Some sixteen other states have a sales tax holiday for back-to-school shoppers – including Missouri and Oklahoma. I intentionally wrote the bill to give Kansas an advantage over other states by starting the tax break a day earlier and not placing a cap on the amount of the purchases exempt from sales tax.

During the committee hearing, I asked the Committee to "not to look at this legislation as what Kansas might lose in sales tax revenue, but what Kansas will gain by incentivizing our citizens, and even some of our neighboring states, to make purchases in Kansas for back-to-school supplies."

Although I disagree with the fiscal note from the Department of Revenue that says SB 432 will cost Kansas government \$7 million, I appreciated their acknowledgment of how it will benefit Kansas businesses. They said in part: *"Data from other states indicate there is an increase in purchases during a sales tax holiday that ranges from "slight" to a five-fold increase in purchases ... For the Kansas sales tax holiday, it is assumed that sales during the four-day period would be at least triple the normal purchases."*

Until next time, may the blessings of God be yours.

Virgil Peck  
State Senator