

“ THE PECK PERSPECTIVE ”

(From the Capitol)

March 11, 2022

For the past several weeks snow and extremely cold temperatures have been a regular occurrence in Topeka. Much like what we've experienced in SEK, just when it feels like Spring is about to arrive, the Capital City experiences a significant weather event. These conditions have made it very challenging to maintain a steady pace in the 2022 legislative session. Committee meetings have had to be cancelled or postponed; which, of course, causes a delay in getting legislation ready for floor debate. However, there are several pieces of legislation making their way through the process.

Tax savings for Kansans SB 282: By a wide, bipartisan margin, 33-4, the Senate passed legislation, SB 282, that will, if passed by the House, provide real tax savings to Kansas taxpayers. There are several unrelated provisions in the bill and I'll hit each one – some in more detail than others.

**** Tax credit for teachers:** A provision in SB 282 will provide teachers living in Kansas with a yearly \$250 tax credit for purchases they make with personal funds for classroom supplies. I'm of the opinion that classroom supplies should be purchased by parents, or maybe school districts – not teachers. But many Kansas teachers, when they see a need, will step up and fulfill the need. The credit should be higher than \$250, because many teachers regularly spend significantly more than \$250, but a \$250 credit does help.

**** Tax savings for senior citizens and veterans:** Other language in SB 282 will essentially freeze property taxes for senior citizens and disabled military veterans who live in a home appraised under \$350,000 and have a household income of less than \$50,000. In the bill, disabled veterans are those whom the Veterans Administration has classified with a 50% or higher disability. The base (freeze) year for the property taxes will be 2021 or the year a person turns 65 yrs. of age.

**** Help for Kansas' aviation and aerospace industry:** Kansas has lost 18% of the state's aviation workers over the past five years, while states, like Oklahoma, have seen significant growth in the industry.

Understanding the importance of the aviation and aerospace industry to Kansas, SB 282 will, beginning in 2023, provide employers in the aviation sector an income tax credit for course and tuition reimbursements paid to a full-time employee who has graduated from an accredited engineering, applied science or career technology degree program. The new employee will

also receive an income tax credit. The tax credit program would sunset December 31, 2027 – unless extended by a future legislature.

**** Help with the current Housing shortage:** State and local elected officials are aware of the housing shortage in Kansas – especially in the rural areas. SB 282 implements the Kansas Affordable Housing Tax Credit Act (AHTCA) and the Kansas Housing Investor Tax Credit Act (HITCA).

The AHTCA creates state tax credits for individuals, corporations and other entities making a cash investment in qualified housing projects – thereby owning an interest in a “qualified development”. Qualified developments are housing projects, as defined by the Federal IRS code, in Section 42, that are located in Kansas and determined by the Kansas Housing Resources Corporation to be eligible for a federal tax credit.

The purpose of HITCA is to bring housing investment dollars to communities in Kansas lacking adequate housing. SB 282 states that the purpose of tax credits issued under HITCA are to facilitate investment in suitable housing that will support the growth of communities lacking in housing by attracting new employees, residents, and families. Priority for the tax credits is to be given to Kansas Investors involved in projects that are most likely to provide the greatest economic benefit to, and best meet the needs of, the community lacking adequate housing where the project is located.

**** A genuine property tax cut:** The final provision I’ll mention is one that provides a benefit for all homeowners. And an amendment I put on SB 282 during floor debate. This provision increases the amount of the residential exemption from the 20-mill uniform statewide school finance property tax levy from \$20,000 of valuation to \$65,000 of valuation, beginning in 2022. Additionally, it puts a formula in statute that will automatically increase the exemption amount in future years.

The \$20,000 exemption was first set in 1997. Had the formula been in place since that time, the \$20,000 exemption would have risen to \$65,740. The change in the exempt amount will save every homeowner with a home appraised at \$65,000 or higher, \$103.50 annually in property taxes.

For anyone wondering, the increase in the exemption, and the tax savings for property owners, does not cause any reduction in education funding.

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

Virgil Peck
State Senator