

**SENATE BILL No. 202**

By Senators Holland, Alley, Corson, Faust-Goudeau, Francisco, Haley, Hawk, Holscher, Olson, Pettey, Pittman, Sykes and Ware

2-10

1 AN ACT concerning taxation; relating to income and property taxation;  
2 the COVID-19 taxpayer and small business owner relief act; enacting  
3 the unemployment insurance (UI) fraud protection act exempting  
4 unemployment compensation income attributable as a result of identity  
5 fraud; enacting the retail storefront small business owner rebate act  
6 providing a refundable credit for certain retail storefront property tax;  
7 enacting the small business property tax increase relief act establishing  
8 a payment plan for certain extraordinary increases in property taxation.  
9

10 WHEREAS, The provisions of sections 1 through 3 shall be known and  
11 may be cited as the COVID-19 taxpayer and small business owner relief  
12 act.

13 Now, therefore:

14  
15 *Be it enacted by the Legislature of the State of Kansas:*

16 Section 1. This section shall be known and may be cited as the  
17 unemployment insurance (UI) fraud protection act. Notwithstanding any  
18 other provision of law to the contrary, for any individual whose identity  
19 was fraudulently used to secure unemployment compensation, if such  
20 individual never received such compensation, such compensation shall not  
21 be considered gross income and shall not be taxable for Kansas income tax  
22 purposes after determination by the department of revenue that the benefits  
23 were obtained fraudulently by another individual.

24 Sec. 2. (a) This section shall be known and may be cited as the retail  
25 storefront small business owner rebate act.

26 (b) For taxable years 2020, 2021 and 2022, there shall be allowed as a  
27 credit against the tax liability of a taxpayer imposed under the Kansas  
28 income tax act an amount equal to 25% of the ad valorem property tax for  
29 the taxable year assessed on non-essential business property in Kansas  
30 when: (1) The taxpayer owns such property; (2) the taxpayer owns and  
31 operates a non-essential business at, in or on such property; and (3) the  
32 operation of the taxpayer's non-essential business was directly impacted by  
33 a COVID-19 order imposed by the state or a city or county health  
34 department that was in effect during at least part of the taxable year. If the  
35 property is occupied by multiple businesses, then only the ad valorem

1 property tax attributable to the portion of the property occupied by the  
2 impacted non-essential business of the taxpayer is eligible for the credit  
3 pursuant to this section. For purposes of this section, "business property"  
4 means retail storefront property where customers or clients actually visit  
5 the property to obtain goods or services.

6 (c) The total amount of the credit allowed pursuant to this section for  
7 any one taxable year for any one taxpayer shall not exceed \$1,000. When a  
8 non-essential business property is owned by more than one taxpayer, only  
9 one taxpayer shall claim the credit allowed pursuant to this section.

10 (d) If the amount of such tax credit exceeds the taxpayer's income tax  
11 liability for the taxable year, the amount of credit that exceeds such tax  
12 liability shall be refunded to the taxpayer. The amount of any claim  
13 otherwise payable under this section may be applied by the director of  
14 taxation against any liability outstanding on the books of the department of  
15 revenue against the taxpayer.

16 (e) The secretary of revenue may establish a claim process for a  
17 refund of the credit claimed pursuant to this section. The secretary of  
18 revenue may adopt rules and regulations regarding the filing of documents  
19 that support the amount of the credit claimed pursuant to this section.  
20 Every taxpayer claiming the credit under this section shall supply to the  
21 director of taxation information and documentation to support the claim,  
22 including, but not limited to, proof of ownership of the property, the tax  
23 statement for the property for the taxable year, a description of the non-  
24 essential business operated by the taxpayer at the property, the state or  
25 county health department COVID-19 order applicable to the non-essential  
26 business and evidence that the taxpayer complied with the order.

27 (f) Except as provided in subsection (g): (1) For taxable year 2020, no  
28 claim shall be paid or allowed unless such claim is filed with the  
29 department of revenue on or before April 15, 2022; and (2) for taxable  
30 years 2021 and 2022, no claim shall be paid or allowed unless such claim  
31 is filed with the department of revenue on or before April 15 of the year  
32 following the taxable year.

33 (g) The director of taxation may extend the time for filing any claim  
34 or accept a claim filed after the filing deadline when good cause exists, if  
35 the claim has been filed within three years of the deadline.

36 (h) This section shall be a part of and supplemental to the Kansas  
37 income tax act.

38 Sec. 3. (a) This section shall be known and may be cited as the small  
39 business property tax increase relief act. The purpose of this act is to  
40 provide an assessed valuation increase deferral program payment plan for  
41 a portion of increased ad valorem property taxes when taxpayers  
42 experience certain extraordinary increases in valuation and taxation on  
43 property. The provisions of this section shall apply to all tax years

1 commencing after December 31, 2020.

2 (b) In order to be eligible for the assessed valuation increase deferral  
3 program payment plan, the property shall meet all of the following  
4 requirements:

5 (1) The property shall have had no material or meaningful changes to  
6 its property characteristics, no new construction or improvements and no  
7 changes in use during the calendar year immediately preceding January 1  
8 of the tax year at issue;

9 (2) the assessed valuation of the property for the tax year at issue  
10 increased by more than 40% in excess of its assessed valuation for the  
11 previous year;

12 (3) the appraised valuation of the property as reflected on the  
13 valuation notice for the tax year at issue does not exceed \$10,000,000; and

14 (4) the total ad valorem property tax for the tax year at issue for the  
15 property exceeds its total ad valorem property tax for the previous year by  
16 more than 40%.

17 (c) In addition to the requirements of subsection (b), for a taxpayer to  
18 be eligible for the payment plan for the tax year at issue, the taxpayer shall  
19 pay to the county treasurer at least an amount equal to 140% of the  
20 previous year's property tax on or before December 20 of the tax year at  
21 issue, or  $\frac{1}{2}$  thereof on or before December 20 and the remaining  $\frac{1}{2}$  on or  
22 before May 10 next ensuing, to be applied toward the property tax due for  
23 the tax year at issue.

24 (d) If all the requirements of subsections (b) and (c) are satisfied, then  
25 the remainder of the property tax due for the tax year at issue shall be  
26 deferred and allowed to be paid over the course of the next four years. At  
27 least  $\frac{1}{4}$  of the remaining property tax due as of May 11 next ensuing shall  
28 be paid to the county treasurer on or before each December 20 of the four  
29 years immediately following the tax year at issue. Notwithstanding the  
30 provisions of K.S.A. 79-2004 and 79-2004a, and amendments thereto, no  
31 interest shall accrue on such deferred taxes so long as payments are timely  
32 and properly made to the county treasurer pursuant to the provisions of  
33 this section. Notwithstanding any provisions to the contrary, taxes properly  
34 deferred under the program shall not be considered delinquent.

35 (e) An eligible taxpayer shall file an application with the county  
36 treasurer on or before December 10 of the tax year at issue in order to  
37 participate in the program. The county treasurer shall determine eligibility  
38 and calculate the payments due.

39 (f) If the taxpayer sells or transfers the property before all the  
40 deferred tax is paid or the taxpayer fails to timely make any  $\frac{1}{4}$  payment on  
41 or before December 20, then the payment plan ceases, the deferred tax  
42 shall be due immediately and interest shall accrue at the rate as prescribed  
43 in K.S.A. 79-2004 or 79-2004a, and amendments thereto, until the tax is

1 paid.

2 (g) (1) With respect to property that may be eligible for the assessed  
3 valuation increase deferral program, the notice of valuation mailed  
4 pursuant to K.S.A. 79-1460, and amendments thereto, shall include a  
5 notice explaining that the taxpayer may be eligible for the assessed  
6 valuation increase deferral program and how to contact the county  
7 treasurer for information about the program.

8 (2) With respect to property that may be eligible for the assessed  
9 valuation increase deferral program, the county treasurer shall include with  
10 the property tax statement a notice explaining that the taxpayer may be  
11 eligible for the assessed valuation increase deferral program, how to  
12 contact the county treasurer for information about the program and the  
13 deadline for applications.

14 (3) The county treasurer is authorized to adjust accordingly any  
15 unpaid tax amounts remaining in the payment plan when an assessed  
16 valuation of a property is changed by a final determination of the valuation  
17 appeals process or the payment under protest process.

18 (h) The county treasurer or the governing body of any taxing  
19 subdivision within a county may request the pooled money investment  
20 board to make a loan to such county or taxing subdivision as provided in  
21 this subsection. The pooled money investment board is authorized and  
22 directed to loan to such county or taxing subdivision sufficient funds to  
23 enable the county or taxing subdivision to account for the deferral of tax  
24 payments pursuant to this program. The pooled money investment board is  
25 authorized and directed to use any moneys in the operating accounts,  
26 investment accounts or other investments of the state of Kansas to provide  
27 the funds for such loan. Upon certification to the pooled money investment  
28 board by the county treasurer or governing body of the amount of each  
29 loan authorized pursuant to this subsection, the pooled money investment  
30 board shall transfer each such amount certified by the county treasurer or  
31 governing body from the state bank account or accounts prescribed in this  
32 subsection to the county treasurer or the governing body, who shall deposit  
33 such amount in the treasury of such county or taxing subdivision. Any  
34 such loan authorized pursuant to this subsection shall be repaid within four  
35 years.

36 Sec. 4. This act shall take effect and be in force from and after its  
37 publication in the statute book.