



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 406

PRINTERS NO. 2398

PRIME SPONSOR: Cox

COST / (SAVINGS)

FUND	FY 2015/6	FY 2016/17
General Fund	\$0	\$0
Lottery Fund	\$0	\$0
Property Tax Relief Fund	\$0	\$2,900,000

SUMMARY: House Bill 406, Printer's Number 2398, amends the Taxpayer Relief Act further providing for definitions and for filing of claim in the Senior Citizens Property Tax and Rent Rebate (PTRR) program.

ANALYSIS: House Bill 406, amends the definition of income, clarifies the eligibility of an estate to file a claim and changes the filing date for a claim.

The definition of income for the Property Tax and Rent Rebate (PTRR) program currently includes the gross amount of loss of time insurance benefits, life insurance benefits and proceeds, except the first \$5,000 of the total of death benefit payments. This legislation increases the exemption threshold from \$5,000 to \$10,000 for death benefit payments.

Subsection (e) is added to Section 1305 (Filing of claim) of the act providing that in the case where an individual has died prior to applying for the property tax or rent rebate, the application may be submitted by an executor or administrator if the individual would have been eligible for a property tax or rent rebate on the date of the individual's death.

Finally, as provided by current law claims shall be filed by June 30 and the Secretary of Revenue shall accept claims filed up to December 31 as long as funds are available. This legislation changes the due date to December 31 and provides an exception such that a claim shall be accepted by the Secretary as long as funds are available to pay the benefits.

The act shall take effect in 60 days.

FISCAL IMPACT: Enactment of this legislation will result in additional PTRR rebates being paid which is estimated to total \$2.9 million annually according to the Department of Revenue.

Excluding an additional \$5,000 of total death benefit payments from the definition of income will reduce the eligibility income of some claimants allowing those claimants to now qualify for a rebate under the program or increase the amount of the rebate to the claimant due to a lower eligibility income amount. Furthermore, allowing the executor or administrator of an estate to file a claim in the event that a claimant has died prior to submitting an application will result in additional PTRR rebates being issued. Current PTRR rebates are as follows:

OWNERS Eligibility Income	Maximum Rebate	RENTERS Eligibility Income	Maximum Rebate
\$0 to \$8,000	\$650	\$0 to \$8,000	\$650
\$8,001 to \$15,000	\$500	\$8,001 to \$15,000	\$500
\$15,001 to \$18,000	\$300		
\$18,001 to \$35,000	\$250		

For taxes and rents paid in calendar 2014 a total of 557,250 claimants received a PTRR rebate. The total amount of rebates issued was \$265.1 million.

Section 1308 of the act provides that the payment of PTRR claims for amounts greater than the claims paid in fiscal year 2006-07 shall be transferred from the Property Tax Relief Fund to the State Lottery Fund. Therefore, any additional funds needed to pay increased PTRR rebates out of the Lottery Fund as a result of the changes made in the legislation will require additional funds to be transferred from the Property Tax Relief Fund to the Lottery Fund. As a result, there is no fiscal impact on the Lottery Fund. However, the amount of the increased rebates, which is estimated to be \$2.9 million, will reduce the amount of funds available in the Property Tax Relief Fund.

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House Appropriations Committee (R)

DATE: November 6, 2015

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.