

February 14, 2024

The Honorable Adam Smith, Chairperson
House Committee on Taxation
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Smith:

SUBJECT: Fiscal Note for HB 2538 by House Committee on Local Government

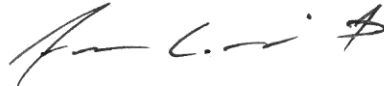
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2538 is respectfully submitted to your committee.

HB 2538 would extend the State General Fund transfer to the Department of Revenue's Taxpayer Notification Costs Fund through tax year 2028 (FY 2029). The Taxpayer Notification Costs Fund is used to reimburse counties for the printing and postage costs to send out the revenue neutral rate notice.

The Department of Revenue indicates HB 2538 would have no fiscal effect on state and local property tax revenue. The Taxpayer Notification Costs Fund has already received \$1,087,971 in tax year 2022 (FY 2023) and \$1,221,619 in tax year 2023 (FY 2024). The Department estimates the maximum transfer from the State General Fund would be \$1,390,578 in tax year 2024 (FY 2025) for the printing and postage costs to send out the revenue neutral rate notice to each parcel. The Department indicates that there are 1,655,450 parcels in Kansas according to the Department's 2023 parcel count. Factoring in the cost of printing (paper \$0.01, ink \$0.05, envelope \$0.10) and the estimated cost for postage (\$0.68), this provision of the bill would result in a maximum State General Fund transfer of \$1,390,578 in tax year 2024. Because the printing and postage costs would occur in the second half of the calendar year, the transfer would occur in FY 2025. Funding the State General Fund transfer to the Taxpayer Notification Costs Fund is reflected in *The FY 2025 Governor's Budget Report*; however, it did not take into effect the postage rate increase that went into effect on January 21, 2024.

The Kansas Association of Counties indicates counties would continue to be reimbursed for printing and postage costs to send out the revenue neutral rate notice in tax year 2024 through tax year 2028. Without this reimbursement, all taxing subdivisions that are required to send out this notice would proportionally share the cost of printing and sending out the notice.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Jay Hall, Kansas Association of Counties
Wendi Stark, League of Kansas Municipalities