

February 23, 2017

The Honorable Steven Johnson, Chairperson  
House Committee on Taxation  
Statehouse, Room 185-N  
Topeka, Kansas 66612

Dear Representative Johnson:

**SUBJECT:** Fiscal Note for HB 2146 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2146 is respectfully submitted to your committee.

HB 2146 would provide a property tax exemption for all real and personal property owned by a not-for-profit corporation, which is leased by a postsecondary educational institution for educational or scientific purposes. Postsecondary educational institution would mean any public university, municipal university, community college, or technical college. The property tax exemption would be effective beginning in tax year 2016.

Passage of HB 2146 has the potential to decrease property tax revenues by adding a new property tax exemption. The state would receive less property tax revenues to the two state building funds, the Educational Building Fund and the State Institutions Building Fund. The bill would also decrease the amount of property tax revenues that school districts would receive through the state's uniform mill levy. The bill would also decrease revenues to any local government that levies a property tax. However, the Department of Revenue does not have data on the property that would receive a property tax exemption under the provisions of HB 2146; therefore, an estimate of the amount of decreased property tax revenues and its effect on local and state revenues cannot be estimated.

The Board of Regents indicates the bill would have a fiscal effect on not-for-profit corporations that deal directly with universities and colleges; however, the bill would not have a direct fiscal effect on the universities and colleges within the Regents system. Any fiscal effect associated with HB 2146 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,  
Director of the Budget

cc: Dale Dennis, Education  
Kelly Oliver, Board of Regents  
Lynn Robinson, Department of Revenue