

February 7, 2023

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 2176 by Representatives Rhiley and Roth

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2176 is respectfully submitted to your committee.

HB 2176 would authorize the Board of Trustees of the Arkansas City Public Library to adopt a resolution to create a library district and propose a tax levy amount for the library district. The proposed library district would be defined as all territory located within boundaries of unified school district (USD) No. 470. A tax levy would be levied on behalf of the library district by the USD 470 Board of Education. The amount of the tax levy would require an election that would be called by general bond law. Tax levied on the land within the library district could not be used to support the regional system of cooperating libraries.

The State Board of Education indicates that property owners in USD 470 would pay additional taxes, the amount would depend on the mill rate levied by the library district board. Based on the most recent assessed valuation, one mil would generate \$112,654.

The State Library indicates the South Central Kansas Library System, a regional system, would no longer be able to include USD 470 in its taxing district. The regional system provides efficiencies through consultants serving the libraries in the system as a whole. The new library district would receive \$27,973 in grants and services from the regional system without paying any taxes directly to the system; however, it would be a reduction of \$9,670 because the local library would have fewer out-of-district borrowers.

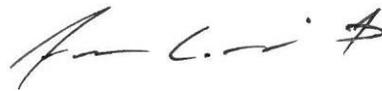
The Office of the Secretary of State indicates HB 2176 would have no fiscal effect on its operations. However, the bill would have a fiscal impact on the Cowley County Election Office since the bill would mandate a special election be held to authorize the library district. The special

election could cost between \$10,000 and \$15,000. The county election office would charge the cost to the local jurisdictions affected by the library district.

The Department of Revenue indicates HB 2176 would have a negligible fiscal effect on its operations. Any fiscal effect associated with HB 2176 is not reflected in *The FY 2024 Governor's Budget Report*.

The Kansas Association of Counties indicates HB 2176 would have a fiscal effect on Cowley County because the county would no longer be responsible for taxing to fund the library. The library district would have its own taxing authority within the boundaries of USD 470 resulting in a more stable source of funding. The League of Kansas Municipalities indicates HB 2176 would not have a fiscal effect on cities.

Sincerely,

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

Adam Proffitt
Director of the Budget

cc: Sandy Tompkins, Office of the Secretary of State
Lynn Robinson, Department of Revenue
Craig Neuenswander, Department of Education
Wendi Stark, League of Kansas Municipalities
Jay Hall, Kansas Association of Counties
Jennifer Ragsdale, State Library