

February 24, 2011

The Honorable Richard Carlson, Chairperson
House Committee on Taxation
Statehouse, Room 274-W
Topeka, Kansas 66612

Dear Representative Carlson:

SUBJECT: Fiscal Note for HB 2212 by Representative Brunk, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2212 is respectfully submitted to your committee.

HB 2212 would require a municipality to adjust its mill levy rate to the rate that would provide the same amount of revenue to be collected as in the previous year. The bill would require that if the total taxable real property valuation in any municipality increases due to increases in the assessed valuation of existing real property, then the governing body would be required to lower the mill levy rate. If valuations decrease, then the governing body could increase the mill levy rate unless prohibited by statutory restrictions. The bill defines municipality as any county, township, city, municipal university, school district, community college, drainage district, and any other taxing district or political subdivision which levies taxes on property.

The adjustments proposed in this bill would not apply to the uniform statewide mill levy to support school districts, the Educational Building Fund, the State Institutions Building Fund, or any other property tax levy which was previously approved by the voters of a taxing subdivision. The value of newly constructed property, property that has been annexed into the municipality, or property that has changed in use would not be considered when determining whether the total taxable real property valuation has increased from the prior year. The bill would require community colleges and unified school districts to adopt a resolution for a budget funded with property taxes that exceeds the previous year's budget. The bill would also require that any resolution to increase the budget of a taxing subdivision be published in the official newspaper of the county where the taxing subdivision is located.

The Department of Revenue indicates HB 2212 would not affect state revenues. The Court of Tax Appeals indicates the bill would not affect the number of property valuation appeals, because the bill would adjust property tax collections through mill levy rates and not through valuation adjustments or restrictions.

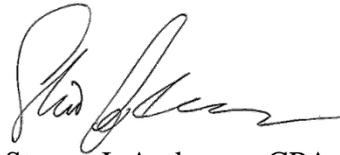
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Page 2—Fisc_Note_Hb2212

The Kansas Association of Counties and the League of Kansas Municipalities indicate that the bill would limit expenditures for programs and services to the current level of property tax revenue that is collected, unless a resolution or ordinance is passed to approve an increase. Any fiscal effect associated with HB 2212 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson". The signature is fluid and cursive, with a long horizontal stroke at the end.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Steve Neske, Revenue
Larry Baer, League of Municipalities
Dale Dennis, Education
Diane Duffy, Board of Regents
Trevor Wohlford, Court of Tax Appeals
Melissa Wangemann, Kansas Association of Counties