

February 7, 2014

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

Dear Representative Carlson:

SUBJECT: Fiscal Note for HB 2542 by House Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2542 is respectfully submitted to your committee.

HB 2542 would provide a property tax exemption for amateur-built aircraft beginning in tax year 2014. The bill defines amateur-built aircraft as an aircraft with a major portion that has been fabricated and assembled by a person or persons who undertook the construction project solely for their own education or recreation.

The Department of Revenue indicates passage of HB 2542 would reduce property tax revenues by providing a property tax exemption for amateur-built aircraft. The Department of Revenue does not have data on the assessed valuation of amateur-built aircraft to make a precise estimate of the amount of reduced property tax revenue; however, the overall reduction to property tax revenues is estimated to be negligible. The bill would reduce the amount of property tax revenues that would be collected for the two state building funds, the Educational Building Fund and the State Institutions Building Fund. Less property tax revenue would also have an effect on state expenditures for aid to school districts. To the extent that school districts receive less property tax revenue through the state's uniform mill levy, the state provides more state aid through the school finance formula. The bill would also decrease revenues to any local government that levies a property tax. Any fiscal effect associated with HB 2542 is not reflected in *The FY 2015 Governor's Budget Report*.

The Kansas Association of Counties and the League of Kansas Municipalities indicate that the bill would reduce local property tax collections. However, the Kansas Association of

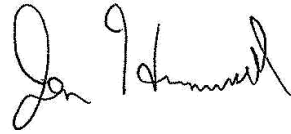
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Counties and the League of Kansas Municipalities do not have complete assessment data on this type of property to make a precise estimate of the fiscal effect on local governments.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is written in a cursive style with a large initial "J".

Jon Hummell,
Interim Director of the Budget

cc: Steve Neske, Department of Revenue
Ben Cleeves, Transportation
Melissa Wangemann, Association of Counties
Larry Baer, League of Municipalities