

February 27, 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 229 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2729 is respectfully submitted to your committee.

Current law allows a property owner to apply to the county commission for an abatement or credit of property taxes that are levied against a property that is destroyed or substantially destroyed by earthquake, fire, flood, tornado, or other calamity in tax years 2012 and 2013. HB 2729 would extend this property tax abatement program to tax year 2014 and each future tax year. The bill would also allow owners of property who receive insurance proceeds or funds from a public or private buyout to apply for this property tax abatement program.

The Department of Revenue indicates passage of HB 2729 would decrease property tax revenues by extending a program that allows a county commission to grant a property tax abatement or credit for certain property that is destroyed or substantially damaged. The Department of Revenue does not have data on the assessed valuation of the specific property that would receive this abatement or how often a county commission would provide this abatement to make a precise estimate of the amount of reduced property tax revenue. 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 would receive less property tax revenue through the state's uniform mill levy, the state would customarily provide more state aid through the school finance formula. Local governments that levy a property tax could also receive fewer revenues; however, the amount of revenues cannot be estimated.

The bill would have no fiscal effect on the operations of the Department of Revenue or the Court of Tax Appeals. Any fiscal effect associated with HB 2729 is not reflected in *The FY 2015 Governor's Budget Report*.

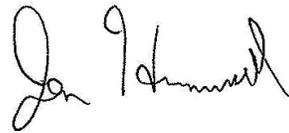
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The League of Kansas Municipalities and the Kansas Association of Counties indicate that the bill has the potential to reduce the amount of local property tax revenues in communities that are affected by a disaster. However, they do not have a basis on which to estimate the amount of property taxes that would be abated 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 fluid and cursive, with the first name "Jon" being more prominent than the last name "Hummell".

Jon Hummell,
Interim Director of the Budget

cc: Steve Neske, Revenue
Cheri Froetschner, Adjutant General's Office
Melissa Wangemann, KAC
Larry Baer, LKM