

REVISED
SESSION OF 2014

**SUPPLEMENTAL NOTE ON SUBSTITUTE FOR HOUSE
BILL NO. 2722**

As Recommended by House Committee on
Taxation

Brief*

Sub. for HB 2722 would clarify that property tax receipts attributable to the 20-mill mandatory school district general fund property tax levy are not available to pay the principal and interest on bonds and eligible project costs incurred by the cities and counties for the financing of Rural Housing Incentive District (RHID) projects. In lieu of such receipts, the bill would allow the governing body of an RHID project to finance such projects with any other revenues that may be available.

Background

Proponents of the original bill, which would have allowed the incremental portion of property tax receipts attributable to the 20-mill mandatory school district general fund property tax levy to be used to finance RHID projects, included Representative Estes and a number of Dodge City officials. The proponents stated that the Dodge City RHID is an important local economic development tool; and that the program's impact could be enhanced if the incremental increase in revenue from the 20 mills were to be included.

On March 20, the House Taxation Committee discussed an amendment to the bill to include language designed to assure that school districts included within RHIDs would not

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

be eligible for additional state aid to the extent that a portion of the receipts would have been diverted from the determination of local effort.

On March 31, the House Taxation Committee recommended a substitute bill. The substitute bill clarifies that property tax receipts attributable to the 20-mill mandatory school district general fund property tax levy are not available to pay the principal and interest on bonds and eligible project costs incurred by cities and counties for the financing of RHID projects. The substitute bill would allow financing of such projects with any other revenues that may be available.