

April 7, 2015

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

Dear Representative Kleebl:

SUBJECT: Fiscal Note for HB 2421 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2421 is respectfully submitted to your committee.

HB 2421 would repeal the current property tax exemption for new qualifying pipeline property that is constructed after December 31, 2014. The bill would also repeal the property tax exemption for any pipeline construction that began before January 1, 2015, and that did not have at least 50 miles of new pipeline where the trenching and installation is not completed. The bill would not affect the property tax exemption that was previously granted to new qualifying pipeline property.

Passage of HB 2421 has the potential to increase property tax revenues by removing or limiting a current property tax exemption. Any local government that levies a property tax would receive additional revenue and revenue would also increase to the two state building funds, the Educational Building Fund and the State Institutions Building Fund. The bill would also increase the amount of property tax revenue that school districts would receive through the state's uniform mill levy. However, the Department of Revenue does not have data on the amount of current and future pipeline property that would now be assessed property taxes under the provisions of HB 2421; therefore, a precise estimate of the amount of increased property tax revenue and its effect on local and state revenues cannot be estimated. Any fiscal effect associated with HB 2421 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Jack Smith, KDOR
Jody Allen, Tax Appeals
Amy Gilbert, KCC
Melissa Wangemann, KAC