March 14, 2016

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

Dear Representative Kleeb:

SUBJECT: Fiscal Note for HB 2719 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2719 is respectfully submitted to your committee.

HB 2719 would not allow property taxes to be levied and no bonds could be issued unless approved by an elected governing body of a taxing jurisdiction or approved by a majority of the electors of that taxing jurisdiction. The bill would require an elected governing body that certifies the budget of a taxing jurisdiction to also approve property tax levies and bonds of that taxing jurisdiction. The bill changes property tax levies from being required to being optional for certain taxing jurisdictions. The bill would require the Board of Regents to submit to the city and county for certain proposed levies for a municipal university. The bill would not apply to the statewide property tax levies for the Educational Building Fund (1 mill), State Institutions Building Fund (0.5 mill), or for schools (20 mills).

The Department of Revenue indicates HB 2719 would have no fiscal effect on state expenditures or state revenues. The League of Kansas Municipalities and the Kansas Association of Counties indicate that the bill would require city councils or county commissions to approve property tax levies and bond issuances for boards, commissions, or local taxing jurisdictions that have been established by a city council or county commission. However, it is unknown how much staff time would be devoted to reviewing and approving tax levies and bond issuances for boards, commissions, or local taxing jurisdictions to provide an estimate of the fiscal effect on local governments. The bill has the potential to increase costs for park commissions, airport authorities, library districts, library boards, museum districts, recreation commissions, public wholesale water supply districts, and fire districts that would be required to receive approval from the city council or county commission for property tax levies and bond issuances. The bill also has the potential to increase costs if an election is conducted to approve
certain property tax levies and bond issuances. However, it is unknown how many additional elections, if any, would take place as a result of this bill.

Sincerely,

Shawn Sullivan,
Director of the Budget

cc: Jack Smith, Department of Revenue
    Larry Baer, League of Municipalities
    Melissa Wangemann, Association of Counties
    Kelly Oliver, Board of Regents
    Katie Mitchell, Water Office
    Bonnie Gauntt, KDFA