

January 20, 2025

The Honorable Caryn Tyson, Chairperson
Senate Committee on Assessment and Taxation
300 SW 10th Avenue, Room 548-S
Topeka, Kansas 66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 10 by Senator Tyson, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning SB 10 is respectfully submitted to your committee.

SB 10 would exempt the following personal property from property taxes beginning in tax year 2026:

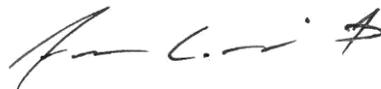
1. Any off-road vehicle that is not operated upon any highway, including all-terrain vehicles, recreational off-highway vehicles, golf carts, off-road motorcycles, and snowmobiles;
2. Any motorized bicycle, electric-assisted bicycle, electric-assisted scooter, electric personal assistive mobility device, and motorized wheelchair;
3. Any trailer having a gross weight of 15,000 pounds or less that is used exclusively for personal use and not for the production of income;
4. Any marine equipment, including watercraft trailers designed to launch, retrieve, transport, and store watercraft, and watercraft motors designed to operate watercraft on the water; and
5. Any watercraft.

Passage of SB 10 would decrease property tax revenues by adding several new property tax exemptions. The state funds directly affected by this bill are the two building funds, the Educational Building Fund (EBF) and the State Institutions Building Fund (SIBF). The Department of Revenue estimates this bill would decrease revenues to these two funds by \$189,749 in tax year 2026, with \$126,499 from the EBF and \$63,250 from the SIBF. Less property tax revenue would also affect state expenditures for aid to school districts. To the extent that less property tax revenue would be available from the state's uniform mill levy to fund expenditures

for school districts, the state would be required to provide an additional \$2,529,984 in state aid from the State General Fund through the school finance formula. Local governments that levy a property tax would also receive less revenue; however, the amount of reduced property tax revenues was not estimated by the Department. The bill would have similar results in future years. The Department of revenue indicates the bill would have no fiscal effect on its operations. Any fiscal effect associated with SB 10 is not reflected in *The FY 2026 Governor's Budget Report*.

The Kansas Association of Counties and the League of Kansas Municipalities indicate that the bill would reduce the amount of local property tax collections that are used in part to finance local governments. However, they do not have data to be able to provide an accurate estimate of the amount of lower property tax collections to make a precise estimate of the fiscal effect on local governments. The fiscal effect would vary by location, though not necessarily proportionally.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Wendi Stark, League of Kansas Municipalities
Jay Hall, Kansas Association of Counties
Lynn Robinson, Department of Revenue