

March 22, 2011

The Honorable Richard Carlson, Chairperson
House Committee on Taxation
Statehouse, Room 274-W
Topeka, Kansas 66612

Dear Representative Carlson:

SUBJECT: Fiscal Note for HB 2264 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2264 is respectfully submitted to your committee.

HB 2264 would exempt the right or title to any mineral interest in real estate from property taxation.

Passage of HB 2264 would decrease property tax revenues by providing a new property tax exemption. 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 \$14,722 in FY 2012, with \$9,815 attributable to the EBF and \$4,907 attributable to the SIBF. The bill 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 provides more state aid through the school finance formula. The Department of Revenue estimates the increased state expenditures for aid to schools to be \$196,300 in FY 2012. The bill would also decrease revenues to any local government that levies a property tax in a jurisdiction where minerals are severed. Any fiscal effect associated with HB 2264 is not reflected in *The FY 2012 Governor's Budget Report*.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Steve Neske, Revenue