

March 1, 2012

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

Dear Representative Carlson:

SUBJECT: Fiscal Note for HB 2735 by House Committee on Transportation

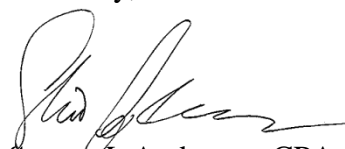
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2735 is respectfully submitted to your committee.

HB 2735 would require the county, the district appraiser, or the Director of Property Valuation of the Department of Revenue to value all property within a federally rail-banked right-of-way. The value of the land and improvements would be required to be entered on the assessment role in a single aggregate, except as otherwise provided. All interest in and improvements upon the right-of-way would be assessed taxes as owned by the trail operator from the date of issuance of a Notice of Interim Trail Use (NITU).

In the event that a rail-banking agreement is not executed by the railroad and the trail operation securing the NITU or the trail operator vacates a NITU, the railroad would have 60 days from the date of the expiration of the NITU or Certificate of Interim Trail Use or Abandonment (CITU) to file a notice of consummation of abandonment. If the railroad fails to file a notice of abandonment, the taxes would be assessed, levied, and collected directly from the railroad from the date of expiration until full abandonment of the right-of-way or issuance of another NITU or CITU. The initial trail operator would remain responsible for payment of all taxes after the transfer of its interest to another operator, unless the successor trail operator is authorized by the STB.

The Department of Revenue indicates that HB 2735 would have no fiscal effect on state revenues or expenditures.

Sincerely,



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

cc: Steve Neske, Revenue