

SESSION OF 2012

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2609**

As Amended by House Committee on Taxation

**Brief\***

HB 2609, as amended, would provide for transfers from the State General Fund to the Local *Ad Valorem* Tax Reduction Fund (LAVTRF) for FY 2013 and FY 2014 in the amount of \$45 million for each year. It also would strike the original statutory formula, which has not been utilized since 2002, that had previously determined the amount transferred.

Other provisions of the bill would require a municipality to reduce its mill levy in the event of an increase in assessed valuation of property such that the total amount of *ad valorem* property taxes levied would not increase. New construction is excluded from the comparison of the current year to the year prior, as is property from newly added jurisdictional territory and property which has changed in use. Also excluded from the computation would be certain property taxes levied to pay principal and interest on bonds. Finally, the 21.5 mills in state property tax levies would be excluded.

In the event of a decrease in total taxable real property valuation in any municipality, the mill levy could still be raised by the municipality, subject to statutory restrictions.

The bill also would add community colleges and unified school districts to a law requiring other taxing subdivisions to adopt an "acknowledgment" resolution or ordinance when adopting budgets funded by revenues from increased property taxes.

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\*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

## **Background**

Representative Davis appeared as a proponent of the original HB 2609. The bill would increase the LAVTRF transfer for FY 2013 by \$45 million beyond the level set by current law, and by \$18 million for FY 2014.

The original bill dealt with the LAVTRF transfers. The House Taxation Committee amended the bill on March 6 to make some technical adjustments designed to assure that current law transfer amounts would resume in FY 2015; strike the aforementioned original LAVTRF formulaic determination amount; and include the provisions of HB 2212.