

January 28, 2013

The Honorable Richard Carlson, Chairperson
House Committee on Taxation
Statehouse, Room 285-N
Topeka, Kansas 66612

Dear Representative Carlson:

SUBJECT: Fiscal Note for HB 2047 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2047 is respectfully submitted to your committee.

HB 2047 would require that if the total taxable real property valuation in any municipality increases as a result of increases in the assessed valuation of existing real property, then the governing body would be required to lower the mill levy rate. The bill defines municipality as any county, township, city, municipal university, school district, community college, drainage district, and any other taxing district or political subdivision which levies taxes on real property. The adjustments proposed in this bill would not apply to the uniform statewide mill levy to support school districts, the Educational Building Fund, the State Institutions Building Fund, or any other property tax levy which was previously approved by the voters of a taxing subdivision.

The value of new improvements to real property, increased personal property valuations, property that has been added within a jurisdictional territory, or property that has changed in use would not be considered when determining whether the total taxable real property valuation has increased from the prior year. The bill would require community colleges and unified school districts to adopt a resolution for a budget funded with property taxes that exceeds the previous year's budget. The bill would also require that any resolution to increase the budget of a taxing subdivision be published in the official newspaper of the county where the taxing subdivision is located.

The Department of Revenue indicates HB 2047 would not affect state revenues. The Court of Tax Appeals indicates the bill would not affect the number of property valuation appeals, because the bill would adjust property tax collections through mill levy rates and not through valuation adjustments or restrictions.

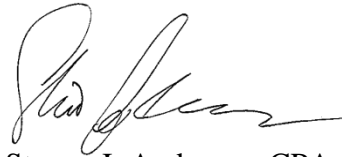
The Honorable Lance Kinzer, Chairperson

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The Kansas Association of Counties and the League of Kansas Municipalities indicate that the bill would limit expenditures for programs and services to the current level of property tax revenue that is collected, unless a majority vote of the taxing district governing body approves an increase. Any fiscal effect associated with HB 2047 is not reflected in *The FY 2014 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", written in a cursive style.

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

cc: Steve Neske, Revenue
Dale Dennis, Education
Larry Baer, LKM
Melissa Wangemann, KAC
Kelly Oliver, Board of Regents
Jody Allen, COTA