

February 8, 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 2135 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2135 is respectfully submitted to your committee.

Current law provides a property tax exemption for tax year 2011 and each future tax year for housing developments and related improvements located on United States Department of Defense military installations in the State of Kansas that are used exclusively or primarily for use by military personnel of the United States and their families. HB 2135 would extend this property tax exemption retroactively to include tax year 2006 and all future tax years.

The Department of Revenue indicates that HB 2135 would extend a property tax exemption retroactively to include tax year 2006 and all future tax years for certain property located on United States Department of Defense military installations in the State of Kansas. If this property is not specifically exempted from property taxation for prior tax years, then it is likely that valuation notices would be sent to property owners located on United States Department of Defense military installations and property taxes could potentially be collected. Therefore, passage of HB 2135 has the potential to decrease property tax revenues by extending a current property tax exemption. The state funds directly affected by this bill are the two building funds, the Educational Building Fund and the State Institutions Building Fund. The Department of Revenue does not have data on property located on military installations or what the assessed valuation of that property would be to make a precise estimate of the amount of reduced property tax revenue for the two building funds. Less property tax revenue 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 would provide more state aid through the school finance formula. Local governments that levy a

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property tax would also receive fewer revenues; however, the amount of revenues cannot be estimated. Any fiscal effect associated with HB 2135 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  
Melissa Wangemann, Kansas Association of Counties