

February 24, 2014

The Honorable Ty Masterson, Chairperson
Senate Committee on Ways and Means
Statehouse, Room 545-S
Topeka, Kansas 66612

Dear Senator Masterson:

SUBJECT: Fiscal Note for SB 294 by Senate Committee on Commerce

In accordance with KSA 75-3715a, the following fiscal note concerning SB 294 is respectfully submitted to your committee.

SB 294 would allow revenue generated from the statewide 20-mill uniform school levy from property located within a rural housing incentive district to pay for the principal and interest on bonds issued for the rural housing incentive district and for eligible project costs incurred by local governments.

The Department of Revenue indicates SB 294 would not change the amount of property tax revenues collected across the state; however, the bill would redirect revenue that is currently collected to finance schools from the statewide 20-mill school levy to be used to pay for certain costs of a rural housing incentive district. The Department of Revenue does not have data on the assessed valuation of property located within rural housing incentive districts to make a precise estimate of the amount of reduced property tax revenue to schools; however, the reduction is estimated to be negligible. Less property tax revenues would have an effect on state expenditures for aid to school districts. To the extent that school districts receive less property tax revenue through the state's uniform mill levy, the state customarily provides more state aid through the school finance formula. Any fiscal effect associated with SB 294 is not reflected in *The FY 2015 Governor's Budget Report*.

The League of Kansas Municipalities and the Kansas Association of Counties both indicate the bill would help provide additional financing for rural housing incentive districts and allow local governments to be reimbursed for certain eligible expenses. However, the League of

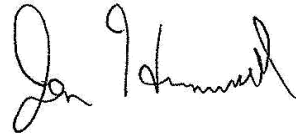
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Kansas Municipalities and the Kansas Association of Counties are unable to estimate the overall fiscal effect on local governments.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is written in a cursive style with a large initial "J" and "H".

Jon Hummell,
Interim Director of the Budget

cc: Bonnie Gauntt, KDFA
Melissa Wangemann, Association of Counties
Larry Baer, League of Municipalities
Dale Dennis, Education
Steve Neske, Department of Revenue
Dan Lara, Commerce