

January 29, 2014

The Honorable Les Donovan, Chairperson  
Senate Committee on Assessment and Taxation  
Statehouse, Room 123-E  
Topeka, Kansas 66612

Dear Senator Donovan:

**SUBJECT:** Fiscal Note for SB 298 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 298 is respectfully submitted to your committee.

Under current law, the register of deeds collects a mortgage registration fee of \$0.26 on every \$100 that is borrowed for property that is recorded with a mortgage. The Heritage Trust Fund at the Kansas State Historical Society receives 1/26th of the fee, with an annual cap of \$100,000 per county, and the general fund of each county receives the remainder. SB 298 would eliminate the Kansas mortgage registration fee effective July 1, 2014.

The Kansas Association of Counties indicates that the bill would eliminate the Kansas mortgage registration fee which is used in part to fund general operations of all 105 county governments and to support historic preservation at the Kansas Historical Society. The latest data available indicate that the following amounts were recently collected and distributed from the mortgage registration fee:

	<u>Tax Year 2010</u>	<u>Tax Year 2011</u>	<u>Tax Year 2012</u>
County Governments	\$34,449,000	\$36,804,000	\$46,648,000
State Heritage Trust Fund	<u>1,022,000</u>	<u>991,000</u>	<u>1,194,000</u>
Total	\$35,471,000	\$37,795,000	\$47,842,000

No estimate exists on the amount of revenue that will be generated from the Kansas mortgage registration fee in state FY 2015 or any future fiscal year. The amount of revenue collected from the mortgage registration fee varies each year depending on the economy and may be higher or lower from year-to-year depending on the number and dollar amount of mortgages that are registered annually in each county. The Kansas Association of Counties indicates that the bill would create a dramatic loss of revenues needed to support the general operations of each county.

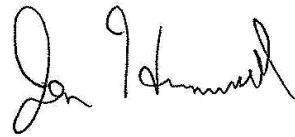
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The Kansas State Historical Society indicates that eliminating the Kansas mortgage registration fee and distributions to the Heritage Trust Fund would eliminate funding for its competitive grant program that provides matching funds for the preservation of properties listed in the National Register of Historic Places or the Register of Historic Kansas Places. The agency indicates that over the past 22 years, the Heritage Trust Fund has provided approximately \$20.4 million to 350 grant applications in 87 counties. The agency indicates that it plans to provide Heritage Trust Fund grants of approximately \$1,250,000 in both FY 2014 and FY 2015. The agency also indicates that it uses the Heritage Trust Fund to partially support the salaries and wages of 3.00 FTE positions that are used to operate this program at a cost of \$53,704 in FY 2014 and \$53,907 in FY 2015. The agency indicates that alternative funding would need to be located to continue the salaries and wages of these positions. Any fiscal effect associated with SB 298 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is fluid and cursive, with the first name "Jon" being more prominent and the last name "Hummell" following in a similar style.

Jon Hummell,  
Interim Director of the Budget

cc: Steve Neske, Revenue  
Larry Baer, LKM  
Melissa Wangemann, KAC  
Sherry Diel, Real Estate Commission  
Matthew Chappell, Historical Society