

February 17, 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 360 by Senator Petersen, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning SB 360 is respectfully submitted to your committee.

Current law allows a property owner to apply to the county commission for an abatement or credit of property taxes that are levied against a property that is destroyed or substantially destroyed by earthquake, fire, flood, tornado, or other calamity in tax years 2012 and 2013. SB 360 would extend this property tax abatement program to tax year 2014 and each future tax year.

The Department of Revenue indicates passage of SB 360 would decrease property tax revenues by extending a program that allows a county commission to grant a property tax abatement or credit for certain property that is destroyed or substantially damaged. The Department of Revenue does not have data on the assessed valuation of the specific property that would receive this abatement or how often a county commission would provide this abatement to make a precise estimate of the amount of reduced property tax revenue. The bill would reduce the amount of property tax revenues that would be collected for the two state building funds, the Educational Building Fund and the State Institutions Building Fund. 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 property tax could also receive fewer revenues; however, the amount of revenues cannot be estimated.

The bill would have no fiscal effect on the operations of the Department of Revenue or the Court of Tax Appeals. Any fiscal effect associated with SB 360 is not reflected in *The FY 2015 Governor's Budget Report*.

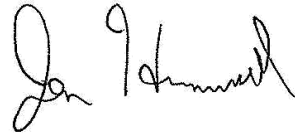
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The League of Kansas Municipalities and the Kansas Association of Counties indicate that the bill has the potential to reduce the amount of local property tax revenues in communities that are affected by a disaster. However, they do not have a basis on which to estimate the amount of property taxes that would be abated to make a precise estimate of the fiscal effect on local governments.

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 than the last name "Hummell".

Jon Hummell,
Interim Director of the Budget

cc: Steve Neske, Department of Revenue
Jody Allen, Tax Appeals
Melissa Wangemann, Association of Counties
Larry Baer, League of Municipalities