

March 18, 2015

The Honorable Marvin KleeB, Chairperson
House Committee on Taxation
Statehouse, Room 185-N
Topeka, Kansas 66612

Dear Representative KleeB:

SUBJECT: Fiscal Note for HB 2396 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2396 is respectfully submitted to your committee.

Current law provides for an ad valorem property tax exemption on property used to produce and generate electricity utilizing renewable energy resources or technologies, including wind, solar, photovoltaic, biomass, hydropower, geothermal, and landfill gas resources or technologies. HB 2396 would limit this property tax exemption to be granted for only the ten tax years immediately following the tax year that the property was constructed or installation was completed beginning in tax year 2015.

Passage of HB 2396 has the potential to increase property tax revenues by limiting a current property tax exemption. The state would receive additional property tax revenues to the two state building funds, the Educational Building Fund and the State Institutions Building Fund. The bill would increase the amount of property tax revenues that school districts would receive through the state's uniform mill levy. The bill would also increase revenues to any local government that levies a property tax. However, the Department of Revenue and Kansas Association of Counties do not have valuation data on renewable energy property that would be completed after January 1, 2015, that would now be assessed property taxes in ten years after the property tax exemption is first put into place; therefore, a precise estimate of the amount of increased property tax revenues and its effect on local and state revenues cannot be estimated. Any fiscal effect associated with HB 2396 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Jack Smith, KDOR
Melissa Wangemann, KAC
Larry Baer, LKM
Amy Gilbert, KCC