

February 23, 2016

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

Dear Representative Kleeb:

SUBJECT: Fiscal Note for HB 2706 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2706 is respectfully submitted to your committee.

HB 2706 provides a property tax exemption for all real and tangible personal property owned by the Gove County Healthcare Endowment Foundation, Inc. to be used for the operation of an airport. The property tax exemption would be effective in tax year 2016 and each future tax year.

Passage of HB 2706 has the potential to decrease property tax revenues by adding a new property tax exemption. The state would receive less property tax revenues to the two state building funds, the Educational Building Fund and the State Institutions Building Fund. The bill would also decrease the amount of property tax revenues that school districts would receive through the state's uniform mill levy. The bill would also decrease revenues to any local government that levies a property tax. The Department of Revenue indicates that the Gove County Healthcare Endowment Foundation, Inc. currently owns property that has not been developed. However, the Department of Revenue does not have data on the extent of the development of the property or if additional property could be acquired that would also receive the property tax exemption under the provisions of HB 2706; therefore, a precise estimate of the decreased property tax revenues and the effect on local and state revenues cannot be estimated.

The Kansas Association of Counties and the League of Kansas Municipalities indicate that the bill would reduce local property tax collections in Gove County by granting a property tax exemption. However, they do not have data to be able to provide an accurate estimate of the

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amount of reduced property tax collections from this property to make a precise estimate of the fiscal effect on local governments.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Jack Smith, Department of Revenue
Melissa Wangemann, Association of Counties
Larry Baer, League of Municipalities
Dale Dennis, Education