

May 8, 2015

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

Dear Senator Donovan:

SUBJECT: Fiscal Note for SB 302 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 302 is respectfully submitted to your committee.

SB 302 would place a \$3 excise tax on each acre of land and on each portion of an acre of land for the privilege of owning real property in this state. The bill would exempt the \$3 excise tax for real property that is already exempt from property taxation. The proceeds from the \$3 excise tax would be deposited in the State School District Finance Fund to help maintain public schools in partial fulfillment of the constitutional obligation of the Legislature to finance the educational interests of the state.

The Department of Revenue estimates that SB 302 would increase revenues to the State School District Finance Fund by at least \$150.3 million. The Department of Revenue does not have data on the number of acres per parcel of land to make a precise estimate of the overall fiscal effect of SB 302. The following chart represents the minimum available receipts that would be collected from the \$3 excise tax:

<u>Property Subclass</u>	<u>Acres</u>	<u>Parcels</u>	<u>\$3 Excise Tax Collections</u>
Residential	N/A	1,011,590	\$3,034,770
Agricultural Land	48,894,064	N/A	\$146,682,192
Vacant Lots	N/A	127,281	\$381,843
Not-For Profit	N/A	825	\$2,475
Public Utilities	N/A	4,434	\$13,302
Commercial	N/A	74,211	\$222,633
All Other	N/A	3,706	<u>\$11,118</u>
Total			\$150,348,333

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The Department indicates that the bill would require \$1,113,600 from the State General Fund in FY 2016 to implement the bill, including the costs to administer and enforce the collection of the tax, create forms and instructions, and to develop a new excise tax collection system to process paper and electronic returns for the new tax. The Department indicates that the bill would require it to hire outside contract programmers to develop the new excise tax collection system because the necessary programming would exceed its limited programming resources. Any fiscal effect associated with SB 302 is not reflected in *The FY 2016 Governor's Budget Report*.

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
Dale Dennis, Education
Jody Allen, Tax Appeals