

STATE OF KANSAS



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GOVERNOR JEFF COLYER, M.D.
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

February 27, 2018

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

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2559 by House Committee on Veterans and Military

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2559 is respectfully submitted to your committee.

Under current law, full-time members of the United States military that are stationed in Kansas and full-time active guard and reservist members of the Kansas Army, Air National Guard, or the Kansas unit of the reserve forces of the United States military receive a property tax exemption for up to two motor vehicles. HB 2559 would extend the vehicle property tax exemption to allow all current members in good standing from the Kansas Army, Air National Guard, and the Kansas unit of the reserve forces of the United States military to receive the property tax exemption for up to two motor vehicles retroactively beginning in tax year 2014.

Passage of HB 2559 has the potential to decrease property tax revenues by expanding the eligibility of a current motor vehicle property tax exemption by allowing all current members in good standing from the Kansas Army, Air National Guard, and the Kansas unit of the reserve forces of the United States military to receive a property tax exemption for up to two motor vehicles. The Department of Revenue does not have data on the number of motor vehicles that would receive this property tax exemption to make an estimate of the amount of the reduction to property tax revenues. The bill would reduce the amount of property tax revenues that would be collected for the two building funds, the Educational Building Fund and the State Institutions Building Fund. The bill would also decrease revenues to any local government that levies a property tax. The bill would not have a fiscal effect on state expenditures for aid to school districts because motor vehicles are already exempt from the state's uniform mill levy for education. The bill would also allow for qualifying members in good standing to apply for refunds to receive the property tax exemption for up to two motor vehicles retroactively to tax year 2014. The Department of Revenue indicates that the administrative costs associated with implementing the bill would be negligible and could be absorbed within existing resources.

The Honorable Steven Johnson, Chairperson

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The Adjutant General indicates that the Kansas Army National Guard includes 4,523 members (457 full-time and 4,066 part-time) and the Kansas Air National Guard includes 2,630 members (366 full-time and 1,697 part-time). The Adjutant General does not have data on the number of members from a Kansas unit of the reserve forces of the United States military.

Sincerely,

A handwritten signature in black ink, appearing to read "L. Campbell", written in a cursive style.

Larry L. Campbell
Chief Budget Officer

cc: Cheri Froetschner, Office of the Adjutant General
Lynn Robinson, Department of Revenue
Chardae Caine, League of Municipalities
Melissa Wangemann, Association of Counties