

January 27, 2020

The Honorable Caryn Tyson, Chairperson  
Senate Committee on Assessment and Taxation  
Statehouse, Room 123-E  
Topeka, Kansas 66612

Dear Senator Tyson:

**SUBJECT:** Fiscal Note for SB 272 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 272 is respectfully submitted to your committee.

SB 272 would prohibit the Board of Tax Appeals (BOTA) from increasing the appraised valuation of a property to an amount greater than the final determination of the appraised value by the county appraiser. The bill would also prohibit a county appraiser from increasing the appraised value of property as the result of an informal meeting between the aggrieved taxpayer and the county appraiser.

The Department of Revenue indicates passage of SB 272 has the potential to decrease property tax revenues by a negligible amount. The Department of Revenue does not have data on the amount of property that increased in assessed valuation as a result of a BOTA action or after the informal meeting to make a precise estimate of the amount of property tax revenue that would be reduced as a result of this bill. 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. Reduced property tax revenue would also have an effect on state expenditures for aid to school districts. To the extent that less property tax revenue would be available from the state's uniform mill levy to fund expenditures for school districts, the state would be required to provide more state aid from the State General Fund through the school finance formula. Local governments that levy a property tax would also receive less revenues; however, the amount of reduced property tax revenues cannot be estimated.

The bill would have no fiscal effect on the operations of the Department of Revenue or BOTA. The Kansas Association of Counties indicates that the bill has the potential to reduce the amount of local property tax revenues by preventing counties from increasing the appraised value

of property if the appraised value is being appealed. The Association indicates that this could lead to keeping valuations artificially low and create inequitable property valuations. However, they do not have a basis on which to estimate the amount of property taxes that would be reduced to make a precise estimate of the fiscal effect on local governments. Any fiscal effect associated with SB 272 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is fluid and cursive, with a large initial "L" and a long, sweeping underline.

Larry L. Campbell  
Director of the Budget

cc: Jody Allen, Tax Appeals  
Jay Hall, Association of Counties  
Lynn Robinson, Department of Revenue