

February 15, 2022

The Honorable Troy Waymaster, Chairperson
House Committee on Appropriations
Statehouse, Room 112-N
Topeka, Kansas 66612

Dear Representative Waymaster:

SUBJECT: Fiscal Note for HB 2606 by House Committee on Appropriations

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2606 is respectfully submitted to your committee.

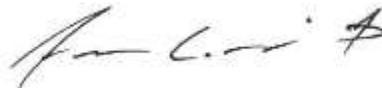
HB 2606 would reinstate the transfers from the State General Fund to the Local Ad Valorem Tax Reduction Fund, County and City Revenue Sharing Fund, and Special City and County Highway Fund. The bill would become effective on July 1, 2022.

The Department of Revenue estimates that HB 2606 would decrease State General Fund revenues by \$235.2 million in FY 2023. To formulate this estimate, the Department of Revenue reviewed data on actual retail sales tax, compensating use tax, and commercial vehicle fees that were collected in calendar year 2021 and estimated retail sales tax, compensating use tax, and commercial vehicle fees that will be collected in calendar year 2022. The Department estimates the State General Fund transfers to the Local Ad Valorem Tax Reduction Fund would total \$124.4 million in FY 2023. The Department estimates the State General Fund transfers to the County and City Revenue Sharing Fund would total \$96.8 million in FY 2023. The Department estimates the State General Fund transfers to the Special City and County Highway Fund would total \$14.0 million in FY 2023. For FY 2024 and future fiscal years, the transfer amounts would vary according to annual growth rates for retail sales tax, compensating use tax, and commercial vehicle fees that will be collected. According to the Department, providing a notice to 2,200 motor fuel customers will cost \$2,260 from the State General Fund in FY 2023.

The State Treasurer indicates the bill would require it to implement minor computer programming changes in order to apportion and pay amounts transferred to counties based on population and assessed valuation. The State Treasurer indicates that the programming costs are estimated to be negligible and could be absorbed within existing resources. The League of Kansas

Municipalities and the Kansas Association of Counties indicate that the bill would provide additional resources to local governments for property tax relief through funding the Local Ad Valorem Tax Reduction Fund, County and City Revenue Sharing Fund, and the Special City and County Highway Fund. Any fiscal effect associated with HB 2606 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Wendi Stark, League of Municipalities
Jay Hall, Association of Counties
John Hedges, Office of the Treasurer
Lynn Robinson, Department of Revenue
Brendan Yorkey, Department of Transportation