

March 1, 2022

The Honorable Adam Smith, Chairperson  
House Committee on Taxation  
Statehouse, Room 346-S  
Topeka, Kansas 66612

Dear Representative Smith:

**SUBJECT:** Fiscal Note for HB 2719 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2719 is respectfully submitted to your committee.

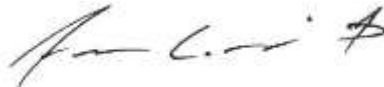
HB 2719 would expand the telecommunications machinery and equipment property tax exemption to also include machinery and equipment placed in inventory or work-in-progress.

Passage of HB 2719 would decrease property tax revenues by expanded a current property tax exemption. The state funds directly affected by this bill are the two building funds, the Educational Building Fund (EBF) and the State Institutions Building Fund (SIBF). The Department of Revenue estimates this bill would decrease revenues to these two funds by \$7,200 in FY 2023, with \$4,800 going to the EBF and \$2,400 going to the SIBF. The bill would decrease property tax revenues that school districts would receive through the state's uniform mill levy by \$96,600. The bill would also decrease revenues to any local government that levies a property tax. However, a specific estimate of lower local property tax revenues was not provided by the Department. The Department estimates that the bill would decrease assessed valuation by approximately \$4.8 million. The Department indicates that the administrative costs associated with implementing the provisions of the bill would be negligible and could be absorbed within existing resources.

The League of Kansas Municipalities and Kansas Association of Counties indicate that the bill would provide a net decrease to local property tax collections that are used in part to finance local governments. However, the fiscal effect on cities and counties would vary based on where

this specific type of property is located. Any fiscal effect associated with HB 2719 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: Lynn Robinson, Department of Revenue  
Craig Neuenswander, Education  
Wendi Stark, League of Municipalities  
Jay Hall, Association of Counties