

January 17, 2023

The Honorable Adam Smith, Chairperson
House Committee on Taxation
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Smith:

SUBJECT: Fiscal Note for HB 2002 by Representative Fairchild

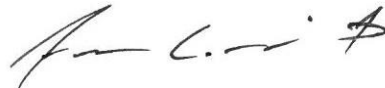
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2002 is respectfully submitted to your committee.

Under current law, the Department of Revenue receives a State General Fund transfer to its Taxpayer Notification Costs Fund in tax year 2022 (FY 2023) and tax year 2023 (FY 2024) to reimburse printing and postage costs for counties to send out the revenue neutral rate notice. HB 2002 would make the State General Fund transfer to the Taxpayer Notification Costs Fund permanent in future tax years.

The Department of Revenue indicates language relating to the revenue neutral rate requirements in HB 2002 would have no fiscal effect on state property tax revenue. The Taxpayer Notification Costs Fund has already received \$1,087,971 in tax year 2022 (FY 2023) and is estimated to receive \$1,190,7470 in tax year 2023 (FY 2024). The Department estimates the maximum transfer from the State General Fund would be \$1,305,413 in tax year 2024 (FY 2025) for the printing and postage costs to send out the revenue neutral rate notification to each parcel. The Department indicates that there are 1,652,421 parcels in Kansas according to the Property Valuation Division's 2022 parcel count. Factoring in the cost of printing (paper \$0.01, ink \$0.05, envelope \$0.10) and the estimated cost for postage (\$0.63), this provision of the bill would result in a maximum State General Fund transfer of \$1,305,413 in tax year 2024. Because the printing and postage costs would occur in the second half of the calendar year, the transfer would occur in FY 2025. Future transfers could be higher as the cost of printing and postage may increase.

The Kansas Association of Counties indicates counties would continue to be reimbursed for printing and postage costs to send out the revenue neutral rate notice in tax year 2024 and future tax years. Any fiscal effect associated with HB 2002 is not reflected in *The FY 2024 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
Jay Hall, Kansas Association of Counties