

February 13, 2024

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 2609 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2609 is respectfully submitted to your committee.

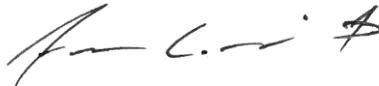
Under current law, peak load plants used in an electric generation facility are exempt from property taxes after the construction is completed for the next six tax years for non-rate based public utilities and four years for rate based public utilities. HB 2609 would extend this property tax exemption to 12 tax years for non-rate based public utilities and to ten years for rate based public utilities beginning in tax year 2025.

The Department of Revenue indicates that currently there are no peak load electric generation facilities or pollution control devices for peak load electric generation facilities exempt for non-rate based public utilities or rate based public utilities. If any of these facilities were built in the future, the bill has the potential to decrease property tax revenues by unknown amounts by extending the time frame for utility to claim this property tax exemption. The state has the potential to receive less property tax revenues to the two state building funds, the Educational Building Fund and the State Institutions Building Fund. The bill has the potential to decrease the amount of property tax revenues that school districts would receive through the state's uniform mill levy. The bill has potential to decrease revenues to any local government that levies a property tax. The Department of Revenue indicates the bill would have no fiscal effect on its operations.

The Kansas Corporation Commission indicates the bill would have no fiscal effect on its operations. Any fiscal effect associated with HB 2609 is not reflected in *The FY 2025 Governor's Budget Report*.

The League of Kansas Municipalities and the Kansas Association of Counties indicate the bill has the potential to decrease local property tax revenues that are used in part to finance local governments.

Sincerely,

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

Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Gabrielle Hull, Department of Education
Peter Barstad, Kansas Corporation Commission
Wendi Stark, League of Kansas Municipalities
Jay Hall, Kansas Association of Counties