



February 20, 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 2366 by Representative V. Miller, et al.

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2366 is respectfully submitted to your committee.

HB 2366 would transfer a total of \$108.0 million from the State General Fund to the Local Ad Valorem Tax Reduction Fund (LAVTRF) in FY 2024, FY 2025, FY 2026, and FY 2027. The bill would transfer a total \$54.0 million from the State General Fund to the LAVTRF beginning in FY 2028 and in each future fiscal year. Under current law, the State General Fund transfer to the LAVTRF is set to resume in FY 2025 with a total transfer amount of \$54.0 million.

Estimated State Fiscal Effect				
	FY 2023 SGF	FY 2023 All Funds	FY 2024 SGF	FY 2024 All Funds
Revenue	--	--	(\$108,000,000)	(\$108,000,000)
Expenditure	--	--	--	\$108,000,000
FTE Pos.	--	--	--	--

HB 2366 would reduce State General Fund revenues by \$108.0 million in FY 2024 by resuming the State General Fund transfer to the LAVTRF. The last State General Fund transfer to the LAVTRF occurred in FY 2003 and transfers have routinely been suspended in appropriations bills. The fiscal effect to state revenues during subsequent years would be as follows:

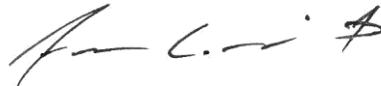
	<u>FY 2025</u>	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>
State General Fund	(\$108,000,000)	(\$108,000,000)	(\$108,000,000)	(\$54,000,000)

The Department of Revenue's Property Valuation Division would be required to calculate and report current assessed values and distribution, as well as update related documents. The Department indicates that these costs are estimated to be negligible and could be absorbed within existing resources.

The State Treasurer indicates the bill would require it to implement minor computer programming changes in order to apportion and pay amounts 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 amounts transferred to the LAVTRF would also be required to be included as expenditures in the State Treasurer's budget beginning in FY 2024. Any fiscal effect associated with HB 2366 is not reflected in *The FY 2024 Governor's Budget Report*.

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.

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  
Wendi Stark, League of Kansas Municipalities  
Jay Hall, Kansas Association of Counties  
John Hedges, Office of the State Treasurer