

February 16, 2023

The Honorable Caryn Tyson, Chairperson
Senate Committee on Assessment and Taxation
300 SW 10th Avenue, Room 548-S
Topeka, Kansas 66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 196 by Senator Pittman

In accordance with KSA 75-3715a, the following fiscal note concerning SB 196 is respectfully submitted to your committee.

SB 196 would reinstate the statutory transfer from the State General Fund to the Local Ad Valorem Tax Reduction Fund (LAVTRF) beginning in FY 2024. The LAVTRF transfer would be based on 3.63 percent of the State General Fund portion of retail sales and compensating use taxes collected in the previous calendar 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	--	--	(\$118,900,000)	(\$118,900,000)
Expenditure	--	--	--	\$118,900,000
FTE Pos.	--	--	--	--

SB 196 would reduce State General Fund revenues by \$118.9 million in FY 2024 by resuming the State General Fund transfer to the LAVTRF. The Department estimates that \$53.4 million would be transferred from the State General Fund to the LAVTRF on July 15, 2023, and \$65.5 million would be transferred from the State General Fund to the LAVTRF on January 15, 2024. Transfers from the State General Fund to the LAVTRF in future fiscal years would be calculated based on actual retail sales and compensating use taxes tax collected in the previous

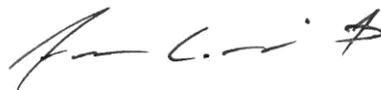
calendar year. The last State General Fund transfer to the LAVTRF occurred in FY 2003 and transfers have routinely been suspended in appropriations bills.

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 SB 196 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: Jay Hall, Kansas Association of Counties
Wendi Stark, League of Kansas Municipalities
John Hedges, Office of the State Treasurer
Lynn Robinson, Department of Revenue