

January 24, 2025

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 2001 by Representatives Fairchild, Rhiley, and Xu

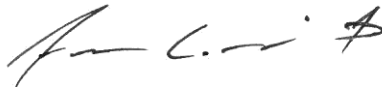
In accordance with KSA 75-3715a, the following fiscal note concerning HB 2001 is respectfully submitted to your committee.

Under current law, the Department of Revenue receives a State General Fund transfer to its Taxpayer Notification Costs Fund in tax year 2024 (FY 2025) to reimburse printing and postage costs for counties to send out the revenue neutral rate notice. HB 2001 would make the State General Fund transfer to the Taxpayer Notification Costs Fund in tax year 2025 (FY 2026) through tax year 2029 (FY 2030). The bill would become effective upon publication in the *Kansas Register*.

The Department of Revenue indicates language relating to the revenue neutral rate requirements in HB 2001 would have no fiscal effect on state property tax revenue. The Taxpayer Notification Costs Fund has already received \$1,242,784 in tax year 2024 (FY 2025). The Department estimates the maximum transfer from the State General Fund would be \$1,421,129 in tax year 2025 (FY 2026) through tax year 2029 (FY 2030) for the printing and postage costs to send out the revenue neutral rate notification to each parcel. The Department indicates that there are 1,596,774 non-exempt parcels in Kansas according to the Property Valuation Division's 2024 parcel count. Factoring in the cost of printing (paper \$0.01, ink \$0.05, envelope \$0.10) and the estimated cost for postage (\$0.73), this provision of the bill would result in a maximum State General Fund transfer of \$1,421,129 in tax year 2025. Because the printing and postage costs would occur in the second half of the calendar year, the transfer would occur in FY 2026. Future transfers could be higher as the cost of printing and postage may increase. The fiscal effect associated with HB 2001 for tax year 2025 (FY 2026) is reflected in *The FY 2026 Governor's Budget Report*. However, the amount of the transfer from the State General Fund to the Taxpayer Notification Costs Fund is reported at \$1.3 million in FY 2026, as not all counties request reimbursement.

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 2025 through tax year 2029.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", followed by a stylized flourish or symbol.

Adam C. Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Jay Hall, Kansas Association of Counties