

January 24, 2017

The Honorable Clay Aurand, Chairperson
House Committee on Education
Statehouse, Room 286-N
Topeka, Kansas 66612

Dear Representative Aurand:

SUBJECT: Fiscal Note for HB 2078 by House Committee on Education

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2078 is respectfully submitted to your committee.

Under current law, the first \$20,000 of the assessed valuation of a home is exempt from the statewide 20-mill property tax levy for schools. HB 2078 would allow a school district to adopt a resolution to eliminate the \$20,000 exemption for property in the district. If a petition signed by at least 5.0 percent of the qualified electors of the district would be filed with the county election officer within 30 days after publication, the election officer would submit the question to the electors of the school district at the next general election of the school district. The district board of education may submit the question directly to the electors of the district through a special election, mail ballot or general election.

Any increased property taxes that would be collected by a district and are attributable to the elimination of the exemption would be deposited in a school district's special education fund, would not be a deduction from General State Aid, and would not increase a district's Local Option Budget (LOB) or LOB authority.

According to the Kansas Department of Revenue's preliminary November 2016 county abstract reports, the statewide assessed value of residential property that was exempt from the 20-mill statewide property levy for tax year 2016 was \$2,278,957,228. The Department estimates the value not collected from the residential property tax exemption totals \$45,579,145 (\$2,278,957,228 X 0.020 statewide levy = \$45,579,145). Both the Department of Revenue and the Department of Education state that it is not possible to predict how much of the \$45.6 million in property tax would no longer be exempt as a result of enactment of HB 2078. Any additional

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revenue would be used by a district for special education expenses and would not affect any state aid entitlements to school districts. Any fiscal effect associated with HB 2078 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Jack Smith, Department of Revenue
Dale Dennis, Education