

March 31, 2017

The Honorable Steven Johnson, Chairperson
House Committee on Taxation
Statehouse, Room 185-N
Topeka, Kansas 66612

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2406 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2406 is respectfully submitted to your committee.

HB 2406 would repeal the current property tax exemption for new qualifying pipeline property that is constructed after June 30, 2017. The bill would not affect the property tax exemption that was previously granted to new qualifying pipeline property.

The Department of Revenue indicates HB 2406 would have no fiscal effect on current qualifying pipeline property that receives this property tax exemption. The bill has the potential to increase property tax revenues by repealing this property tax exemption for future qualifying pipeline property. Any local government that levies a property tax would receive additional revenue and revenue would also increase to the two state building funds, the Educational Building Fund and the State Institutions Building Fund. The bill would also increase the amount of property tax revenue that school districts would receive through the state's uniform mill levy. However, the Department of Revenue does not have data on the amount of future pipeline property that would now be assessed property taxes under the provisions of HB 2406; therefore, an estimate of the amount of increased property tax revenue and its effect on local and state revenues cannot be estimated. Any fiscal effect associated with HB 2406 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Dale Dennis, Education