

March 18, 2024

The Honorable Leo Delperdang, Chairperson
House Committee on Energy, Utilities and Telecommunications
300 SW 10th Avenue, Room 582-N
Topeka, Kansas 66612

Dear Representative Delperdang:

SUBJECT: Fiscal Note for HB 2768 by House Committee on Energy, Utilities and Telecommunications

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2768 is respectfully submitted to your committee.

Under current law, non-rate based public utilities receive a property tax exemption for new electric generation facilities and pollution control devices for 12 years after the construction is completed and six years for new peak load plants used in an electric generation facility; for rate-based public utilities, the property tax exemption for new electric generation facilities and pollution control devices is for ten years after the construction is completed and four years for new peak load plants. HB 2768 would eliminate the current property tax exemption for new electric generation facilities, pollution control devices, and new peak load plants after December 31, 2024, and would provide a new ten-year property tax exemption after the construction is completed for all new electric generation facilities, any new additions to a new or existing electric generation facility, and any new pollution control device constructed or installed after January 1, 2025. The bill includes definitions for “existing electric generation facility,” “new addition,” and new electric generation facility.”

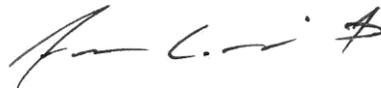
The bill would no longer require the Kansas Corporation Commission to factor whether the utility having an ownership interest in the electric generation facility that provides a method to ensure that the cost of any decommissioning, any waste disposal, or any cost of cleanup of any incident in construction or operation of the facility is to be paid by the utility for determining the reasonable value of the property. The bill clarifies the definition of nuclear generation facility to mean, “any electric generation facility that utilizes nuclear energy for the generation of electricity.”

The Department of Revenue indicates that if new pollution control devices and new peak load plants are built in the future, the bill has the potential to decrease property tax revenues by unknown amounts by extending the time frame for a utility to claim this property tax exemption. The state has the potential to receive less property tax revenues to the two state building funds, the Educational Building Fund and the State Institutions Building Fund. The bill has the potential to decrease the amount of property tax revenues that school districts would receive through the state's uniform mill levy. The bill has potential to decrease revenues to any local government that levies a property tax. The bill would shorten the time frame for a non-rate based public utilities to claim the property tax exemption for new electric generation facilities and pollution control devices from 12 years to ten years which has the potential to increase state and local property taxes in years 11 and 12 for that property. The Department of Revenue indicates the bill would have no fiscal effect on its operations.

The Kansas Corporation Commission indicates the bill would not have a significant fiscal effect on its operations. Any fiscal effect associated with HB 2768 is not reflected in *The FY 2025 Governor's Budget Report*.

The League of Kansas Municipalities and the Kansas Association of Counties indicate the bill has the potential to decrease local property tax revenues that are used in part to finance local governments.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Gabrielle Hull, Department of Education
Lynn Robinson, Department of Revenue
Jay Hall, Kansas Association of Counties
Wendi Stark, League of Kansas Municipalities
Peter Barstad, Kansas Corporation Commission