

March 7, 2024

The Honorable Virgil Peck, Chairperson
Senate Committee on Agriculture and Natural Resources
300 SW 10th Avenue, Room 144-S
Topeka, Kansas 66612

Dear Senator Peck:

SUBJECT: Fiscal Note for SB 497 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 497 is respectfully submitted to your committee.

SB 497 would enact the Pike Reservoir District Project Act. The Act would provide for the construction of a dam and lake in Bourbon County as well as residential and commercial development of the lake waterfront and adjacent areas, the development of recreational facilities, and the use of the lake as a public water resource and reservoir. The Act would create a five-member Pike Reservoir Project District Governing Board; three members of the Board would be appointed by the Bourbon County Commission and two would be appointed by the governing board of Franklin Township. The Board would be allowed to fund the project with special obligation bonds; state and local sales tax increment revenue; real property tax increment revenue, upon approval from Bourbon County electors and as long as the use of this revenue does not adversely impact the school district levying taxes on the property; and other funds made available to the district, including those from private sources, federal or state funds, and watershed district funds. The bill would establish procedures for the collection of these revenues and create the Pike Reservoir District Sales Tax Fund and the Pike Reservoir District Sales Tax Refund Fund in the State Treasury.

The Department of Revenue indicates that enactment of the bill has the potential to decrease state sales tax and property tax revenues by unknown amounts. Should the governing board of the Pike Reservoir District Project elect to fund the project with sales tax increment financing or property tax increment financing, the state would forego any revenue that exceeds the established baseline. Property tax increment financing would decrease revenues to the two state building funds, the Educational Building Fund and the State Institutions Building Fund. This

would also decrease the amount of property tax revenues collected for school districts through the state's uniform mill levy. To the extent that less property tax revenue would be available from the state's uniform mill levy to fund expenditures for school districts, the state would be required to provide more aid from the State General Fund through the school finance formula. Sales tax increment financing would decrease revenues to the State General Fund and the State Highway Fund. The Department indicates that because the proposed project district area does not conform to an existing sales tax jurisdiction or retail area, it is unable to accurately determine the base year sales tax revenue. The Department indicates the bill would have no fiscal effect on its operations.

The Department of Transportation indicates that the bill would decrease State Highway Fund revenues by unknown amounts. The Department of Education indicates that the bill would have no fiscal effect on agency operations. Any fiscal effect associated with SB 497 is not reflected in *The FY 2025 Governor's Budget Report*.

The Kansas Association of Counties indicates that the bill would have an unknown fiscal effect on Bourbon County. The League of Kansas Municipalities indicates that the bill would have no fiscal effect on cities.

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: Lynn Robinson, Department of Revenue
Wendi Stark, League of Kansas Municipalities
Jay Hall, Kansas Association of Counties
Gabrielle Hull, Department of Education
Brendan Yorkey, Department of Transportation