

March 5, 2014

The Honorable Richard Proehl, Chairperson
House Committee on Transportation
Statehouse, Room 581-W
Topeka, Kansas 66612

Dear Representative Proehl:

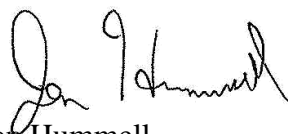
SUBJECT: Fiscal Note for HB 2713 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2713 is respectfully submitted to your committee.

As of January 1, 2014, commercial vehicles were removed from the property tax system in Kansas and placed on a fee system that is based on the weight and age of the vehicle. HB 2713 would remove trucks weighing 10,000 to 26,000 pounds from the commercial vehicle fee chart; and allow a refund to any person who has registered and paid the commercial vehicle fee for a truck or truck tractor with a gross weight of less than 26,001 pounds. Only trucks weighing over 26,000 pounds would be registered as "fleet motor vehicles" and would be required to pay the commercial vehicle fee. The Director of Property Valuation would be required to value commercial vehicles with a gross weight of 26,000 pounds or less.

The Department of Revenue indicates that as of January 1, 2015, 16,276 vehicles would qualify to receive a refund under HB 2713 for payment of the commercial vehicle fee which took effect January 1, 2014. The Department estimates refunds to currently be \$4.0 million and would have to be paid by the state or counties if the bill was enacted. Fees are continuing to be collected and by the effective date of this bill, more fees would need to be refunded. Counties would have to establish a process to get those vehicles weighing less than 26,001 pounds back on the property tax system. The Kansas Association of Counties indicates that HB 2713 would reduce revenues to counties from the loss of commercial vehicle fees, but a precise estimate was not provided. Any fiscal effect associated with HB 2713 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,



Jon Hummell,
Interim Director of the Budget

cc: Steve Neske, Department of Revenue
Melissa Wangemann, Association of Counties