

SESSION OF 2020

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2517

As Amended by House Committee on Taxation

Brief*

HB 2517, as amended, would expand the authority of county commissions to abate property taxes on certain types of property destroyed or substantially destroyed by natural disasters.

The bill would broaden the types of eligible property to include certain agricultural improvements, public grain warehouses, and commercial real estate for situations wherein the property has been damaged in a gubernatorial-declared disaster and restoration costs would equal or exceed 50 percent of pre-damage market value. Similar authority exists under current law for counties to abate taxes on damaged residential homestead property.

The bill would clarify that counties would have discretion in implementing abatement authority and would not be required to utilize it uniformly for all classes of property or all parcels within any affected type.

Cities, certain taxing units located within cities, school districts, and community junior college districts with 25 percent or more of total parcels damaged would have the ability to object to abatements within 14 days, effectively blocking the abatements relative to their shares of the property taxes imposed.

The provisions of the bill would be retroactive to tax year 2019.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

The bill would be in effect upon publication in the *Kansas Register*.

Background

The bill was introduced by Representatives Karleskint, Amyx, Dove, and Horn.

In the House Committee on Taxation hearing on February 13, 2020, Representative Karleskint, representatives of the Kansas Grain and Feed Dealers Association and Kansas Soybean Association, a private citizen from Linwood, and a Leavenworth County Commissioner provided proponent testimony on the bill. Written-only proponent testimony was submitted by Representative Amyx, Representative Horn, the Kansas Association of Counties (KAC), and the Kansas Farm Bureau. No neutral or opponent testimony was provided.

The bill as introduced would have expanded the abatement authority relative to damaged agricultural improvements. The House Committee amended the bill to also include damaged public grain warehouses and damaged commercial real estate. The House Committee also added the provisions clarifying the authority of counties in implementing the authority; and granting the ability of certain taxing units to block the abatement of their portion of property taxes.

According to the fiscal note prepared by the Division of the Budget on the bill as introduced, enactment of the bill would have no fiscal effect on the agency operations of the Department of Revenue or the State Board of Tax Appeals. The KAC and the League of Kansas Municipalities indicate the bill has the potential to reduce the amount of local property tax revenues in communities that are affected by a natural disaster; however, a precise estimate of the fiscal effect on local governments could not be determined. Any

fiscal effect associated with enactment of the bill is not reflected in *The FY 2021 Governor's Budget Report*.