January 31, 2023

The Honorable Adam Smith, Chairperson
House Committee on Taxation
300 SW 10th Avenue, Room 346-S
Topeka, Kansas  66612

Dear Representative Smith:

SUBJECT:  Fiscal Note for HB 2066 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2066 is respectfully submitted to your committee.

HB 2066 would allow firefighters and emergency medical service providers to receive a property tax exemption for up to two motor vehicles beginning on July 1, 2023.

Passage of HB 2066 would decrease property tax revenues by adding a new property tax exemption. The state funds directly affected by this bill are the two building funds, the Educational Building Fund (EBF) and the State Institutions Building Fund (SIBF). The Department of Revenue estimates this bill would decrease revenues to these two funds by $142,800 in FY 2024, with $95,200 from the EBF and $47,600 from the SIBF. The bill would also decrease revenues to any local government that levies a property tax; however, the specific estimate of lower local property tax revenues was not calculated by the Department of Revenue.

Using data from the Kansas State Firefighters Association and Kansas Board of Emergency Medical Services, the Department of Revenue indicates that an estimated 16,000 firefighters and 9,500 emergency medical service providers (although some of those numbers may overlap) would be eligible for this new property tax exemption. The Department indicates that the average property taxes paid per motor vehicle was $205 in 2022. Of that amount, $2.80 went to the two state building funds (1.5 mills). Assuming each of the 25,500 firefighters and emergency medical service providers registered two vehicles at the average rate, that would reduce state revenues by $142,800. According to the Department, updating forms and instructions would cost $1,250 from the State General Fund in FY 2024.
The Kansas Association of Counties and the League of Kansas Municipalities indicate that the bill would provide a net reduction to local property tax collections that are used in part to finance local governments. Any fiscal effect associated with HB 2066 is not reflected in The FY 2024 Governor’s Budget Report.

Sincerely,

Adam Proffitt
Director of the Budget

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