

SESSION OF 2023

SUPPLEMENTAL NOTE ON SENATE BILL NO. 94

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

SB 94 would eliminate, beginning in tax year 2024, the statewide mill levies of 1.0 mills for state educational buildings and 0.5 mills for state institutions buildings and would create, beginning in fiscal year 2025, revenue transfers from the State General Fund to the Kansas Educational Building Fund (EBF) and to the State Institutions Building Fund (SIBF).

The transfer amounts would be set at \$41.8 million to the EBF and \$20.9 million to the SIBF in fiscal year 2025 and would be scheduled to increase by 2.0 percent in each future year.

Background

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of Senator Peck.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by Senator Peck, stating the bill would provide property tax relief for all Kansas property owners and replace revenue to building funds with SGF transfers. Written-only proponent testimony was provided by a representative of the Kansas Association of Realtors.

*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>

Opponent testimony was provided by a representative of the State Board of Regents, stating the bill would reduce the stability and certainty of the revenue for the EBF and the transfer amounts would not replace all lost tax revenue. Written-only opponent testimony was provided by representatives of the American Council of Engineering Companies of Kansas, Associated General Contractors of Kansas, and University Contractors Association of Kansas.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, the Department of Revenue estimates enactment of the bill would reduce property and motor vehicle taxes by \$77.1 million in FY 2025, \$80.9 million in FY 2026, and \$85.0 million in FY 2027.

The estimated increase in transfers out of the SGF would be \$62.7 million in FY 2025, \$64.0 million in FY 2026, and \$65.2 million in FY 2027.

The estimated net loss of revenue to the EBF would be \$9.6 million in FY 2025, \$11.3 million in FY 2026, and \$13.2 million in FY 2027. The estimated net loss of revenue to the SIBF would be \$4.8 million in FY 2025, \$5.7 million in FY 2026, and \$6.6 million in FY 2027.

Any fiscal effect associated with the bill is not reflected in *The FY 2024 Governor's Budget Report*.

Taxation; property tax; statewide mill levies; transfers; Educational Building Fund; State Institutions Building Fund.