

February 6, 2012

The Honorable Roger Reitz, Chairperson
Senate Committee on Local Government
Statehouse, Room 223-E
Topeka, Kansas 66612

Dear Senator Reitz:

SUBJECT: Fiscal Note for SB 348 by Senate Committee on Local Government

In accordance with KSA 75-3715a, the following fiscal note concerning SB 348 is respectfully submitted to your committee.

SB 348 would make changes to the property tax appeals process for leased commercial and industrial property. The bill would require that if three years of complete income and expense statements for leased commercial and industrial property is not provided to the county or district appraiser, at the informal meeting, then the appraised value determined by the county or district appraiser would be presumed to be valid and correct. For appeals that go to the Court of Tax Appeals, there would be a presumption in favor of the appraised value of leased commercial and industrial property if the taxpayer did not furnish the county or district appraiser, at the informal meeting, with three years of complete income and expense statement for the leased commercial and industrial property.

The bill would require that watercraft temporarily located outside of the state on January 1st be included in the taxing district where the owner resided on January 1st. The property tax notification requirements would be updated to allow taxpayers to be notified by electronic mail. The bill also provides clarifying language on the valuation of improvements made to real property and other technical corrections.

The Department of Revenue indicates SB 348 would have no fiscal effect on state revenues. The Court of Tax Appeals indicates that the bill has the potential to reduce the number of appeals from leased commercial and business property. However, the amount of operational savings that would be realized from fewer appeals would be negligible, as only a small portion of

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the appeals heard by the Court are from leased commercial and business property. Any fiscal effect associated with SB 348 is not reflected in *The FY 2013 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Steven J. Anderson", with a long horizontal flourish extending to the right.

Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Janis Lee, Tax Appeals
Steve Neske, Revenue
Melissa Wangemann, Kansas Association of Counties