SUPPLEMENTAL NOTE ON SENATE BILL NO. 409

As Amended by Senate Committee on Assessment and Taxation

Brief*

SB 409, as amended, would provide for transfers from the State General Fund to the Local Ad Valorem Tax Reduction Fund (LAVTRF) for FY 2013, 2014, 2015, 2016, and all subsequent years in the amount of $45 million for each year. Current law calls for a $27 million transfer to the LAVTRF in FY 2014, a $40.5 million transfer to the LAVTRF in FY 2015, and $54.0 million transfers to the LAVTRF in FY 2016 and all subsequent years.

The bill would also change the nature of the FY 2014 transfer from a revenue transfer to a demand transfer. Additional language would require local units to reduce property taxes below the prior year's level by at least 80 percent of the amount of the LAVTRF distributions.

Background

Proponents of the bill at the hearing included Senator Hensley, the Kansas League of Municipalities, and the Kansas Association of Counties.

The Senate Assessment and Taxation Committee added language requiring local units to reduce property taxes by at least 80 percent of the LAVTRF distributions in order to receive the distributions.

*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 Department of Revenue indicates in the fiscal note that SB 409 would reduce State General Fund revenue by $45 million in FY 2013, $18 million in FY 2014, and $4.5 million in FY 2015. The bill would increase State General Fund revenue by $9 million in FY 2016 and all subsequent years.