February 8, 2016

The Honorable Les Donovan, Sr., Chairperson
Senate Committee on Assessment and Taxation
Statehouse, Room 123-E
Topeka, Kansas 66612

Dear Senator Donovan:

SUBJECT: Fiscal Note for SB 380 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 380 is respectfully submitted to your committee.

Under current law, full-time members of the United States military that are stationed in Kansas and full-time active guard and reservist members of the Kansas Army, Air National Guard, or the Kansas unit of the reserve forces of the United States military receive a property tax exemption for up to two motor vehicles. SB 380 would remove this property tax exemption for full-time members of the United States military that are stationed in Kansas and would allow all members in good standing from the Kansas Army, Air National Guard, and the Kansas unit of the reserve forces of the United States military to receive the property tax exemption for up to two motor vehicles beginning in tax year 2016.

Passage of SB 380 would have an indeterminate fiscal effect on state and local property tax revenues. The Department of Revenue indicates that the bill would result in certain motor vehicles that are currently exempt from property taxation that are owned by full-time members of the United States military that are stationed in Kansas to lose their property tax exemption and would become taxable effective on January 1, 2016. However, additional motor vehicles would now qualify for this property tax exemption because the bill expands the scope of eligibility to include not only full-time members, but all members in good standing from the Kansas Army, Air National Guard, and the Kansas unit of the reserve forces of the United States military. The fiscal effect cannot be estimated because it is unknown how many additional motor vehicles would qualify for the exemption and how many would now become taxable.

The Department of Revenue indicates the bill would require $3,200 from the Vehicle Operating Fund in FY 2017 for the costs associated with modifying the motor vehicle registration system. The required programming for this bill by itself would be performed by
existing staff of the Department of Revenue. However, if the combined effect of implementing this bill and other enacted legislation exceeds the Department’s programming resources, or if the time for implementing the changes is too short, expenditures for outside contract programmer services beyond the Department’s current budget may be required. Any fiscal effect associated with SB 380 is not reflected in *The FY 2017 Governor’s Budget Report*.

Sincerely,

Shawn Sullivan,
Director of the Budget

cc: Jack Smith, Department of Revenue
Cheri Froetschner, Adjutant General’s Office
Melissa Wangemann, Association of Counties
Larry Baer, League of Municipalities