

March 1, 2017

The Honorable Steven Johnson, Chairperson
House Committee on Taxation
Statehouse, Room 185-N
Topeka, Kansas 66612

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2314 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2314 is respectfully submitted to your committee.

HB 2314 would allow boards of county commissioners that have established redevelopment districts that include property located within a federal enclave in the county pursuant to KSA 19-4901 et seq. to, by resolution, designate any portion or all of the ad valorem property taxes collected in the redevelopment district for the payment of costs of developing, improving, managing and marketing properties within the redevelopment district. HB 2314 would also allow boards of county commissioners to issue bonds to pay for capital improvement type projects in redevelopment districts.

The Kansas Association of Counties indicates the bill would have a fiscal effect on Kansas Counties. The bill does not require counties to take action; rather, the bill allows counties to take voluntary action. As a result, the Kansas Association of Counties cannot estimate the fiscal effect of HB 2314 on Kansas counties. The League of Kansas Municipalities indicates the bill could cause Kansas cities to collect less revenue from property taxes because the bill allows certain property taxes to be diverted from cities to redevelopment districts; however, the League notes the bill provides a mechanism for cities to prevent this loss of revenue. The League cannot estimate the fiscal effect HB 2314 would have on Kansas cities.

The Department of Revenue indicates revenues collected by two state building fund levies and the statewide mill levy for education could be reduced if boards of county commissioners designate property taxes collected in redevelopment districts to be diverted to the districts instead of the state. However, the Department cannot estimate the fiscal effect

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associated with HB 2314. Any fiscal effect associated with HB 2314 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Brock Ingmire, League of Municipalities
Melissa Wangemann, Association of Counties
Dale Dennis, Education
B.J. Harden, Office of the Treasurer