

SESSION OF 2020

**SUPPLEMENTAL NOTE ON SENATE SUBSTITUTE FOR
HOUSE BILL NO. 2063**

As Recommended by Senate Committee on
Assessment and Taxation

Brief*

Senate Sub. for HB 2063 would eliminate the statewide 1 mill levy for the Kansas Educational Building Fund (EBF) and the 0.5 mill levy for the State Institutions Building Fund (SIBF) beginning in tax year 2020 (proceeds of which are received primarily in FY 2021).

The bill would create annual demand transfers of \$38.3 million from the SGF to the EBF and \$19.2 million from the SGF to the SIBF, beginning in FY 2021.

Background

The bill, as introduced, related to a property tax lid exemption in the case of dissolved taxing entities [*Note*: these provisions were enacted in 2019 HB 2188]. The Senate Committee on Assessment and Taxation, on February 24, 2020, removed the contents of the bill, inserted the contents of SB 466, and created a substitute bill. The background of SB 466 is provided below.

SB 466 Background

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

*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>

In the Senate Committee hearing on the bill, a representative of the Kansas Policy Institute and two private citizens testified in support of the bill. The proponents stated the bill would provide guaranteed property tax relief. Representatives of the Kansas Board of Regents and the Associated General Contractors of Kansas testified in opposition to the bill. They stated the dedicated revenue streams of the 1 and 0.5 mill levies are better for maintenance projects than transfers from the SGF.

The fiscal note on the bill prepared by the Division of the Budget on SB 466 indicates the bill would reduce SGF revenues by \$57.5 million in FY 2021 and in all future years by creating the transfers to the EBF and SIBF. Additionally, the bill is estimated to reduce revenue to the state building funds by \$6.8 million in FY 2021 and by greater amounts in future years as revenues from the 1 and 0.5 mill levies are estimated to increase with property valuations each year. Any fiscal effect associated with the bill is not reflected in *The FY 2021 Governor's Budget Report*.