

March 17, 2022

CORRECTED

The Honorable Caryn Tyson, Chairperson
Senate Committee on Assessment and Taxation
Statehouse, Room 548-S
Topeka, Kansas 66612

Dear Senator Tyson:

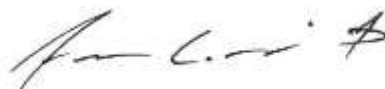
SUBJECT: Corrected Fiscal Note for SB 431 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following corrected fiscal note concerning SB 431 is respectfully submitted to your committee.

Under current law, the first \$20,000 of assessed value of residential personal property is exempt from the 20-mill property tax levy that is used for financing State Foundation Aid in the state's school finance formula. Currently, this law is in effect for taxable years 2021 and 2022. SB 431 would increase the exemption to the first \$100,000 of assessed value of residential personal property for taxable year 2022 and each subsequent year.

According to the Department of Revenue Division of Property Valuation, increasing the residential property exemption from \$20,000 to \$100,000 would decrease revenues generated from the 20-mill school levy by approximately \$147.3 million in FY 2023, \$148.0 million in FY 2024, and \$148.6 million in FY 2025. In order to have the same amount of state aid distributed to schools through the school finance formula, the enactment of SB 431 would require a corresponding increase in the State General Fund appropriation for State Foundation Aid of \$147.3 million in FY 2023, with corresponding appropriations in each subsequent year to account for the property tax revenue loss. The original fiscal note referenced FY 2024 for the corresponding State General Fund appropriation of \$147.3 million. State Foundation Aid included in *The FY 2023 Governor's Budget Report* assumes the \$20,000 exemption would occur in FY 2023 (taxable year 2022) and in each subsequent year.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Craig Neuenswander, Education
Lynn Robinson, Department of Revenue