

SESSION OF 2006

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2618

As Amended by House Committee on
Taxation

Brief*

HB 2618, as amended, would provide a property tax exemption for digital television equipment acquired on or after January 1, 2006, until such time as the Federal Communications Commission (FCC) has ended the broadcast of analog television signals by all commercial television stations in Kansas.

Television broadcasters also would be granted a property tax credit equivalent to the amount of property taxes paid on digital television equipment acquired prior to January 1, 2006, times the estimated percentage of non-digital televisions in the United States. The credit would expire after the FCC has ended the broadcast of analog television signals by all full power commercial television stations in Kansas.

The bill also would provide a property tax exemption for digital radio equipment acquired on and after January 1, 2006, until December 31, 2013 or until more than 50 percent of radios in the United States are capable of receiving digital signals, whichever comes first.

Radio broadcasters also would be granted a property tax credit equivalent to the amount of property taxes paid on digital radio equipment acquired prior to January 1, 2006, times the estimated percentage of non-digital radios in the United States. The credit would expire after tax year 2013 or when 50 percent of radios are capable of receiving digital signals, whichever comes first.

Property owners receiving the exemptions would be exempt from initial exemption filing requirements with the State Board of Tax Appeals (SBOTA) pursuant to KSA 2005 Supp. 79-213.

*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>

Background

The bill was requested for introduction by and supported by the Kansas Association of Broadcasters. The Kansas Association of Counties appeared in opposition.

The House Tax Committee amended the bill to provide that the exemption and credit for digital radio equipment could not last beyond tax year 2013; and to add the provision relating to taxpayers' not having to file for the exemption with SBOTA.

A fiscal note indicated that the reduction in assessed valuation would reduce receipts to state building funds and the 20-mill school finance property tax levy as follows:

(\$ in millions)

	<u>FY 2008</u>	<u>FY 2009</u>	<u>FY 2010</u>	<u>3-Yr Total</u>
State Building Funds	\$ 0.003	\$ 0.004	\$ 0.005	\$ 0.012
USD Local Effort	<u>0.045</u>	<u>0.056</u>	<u>0.069</u>	<u>0.170</u>
Total	<u>\$ 0.048</u>	<u>\$ 0.060</u>	<u>\$ 0.074</u>	<u>\$ 0.182</u>