

February 2, 2022

The Honorable Robert Olson, Chairperson
Senate Committee on Federal and State Affairs
Statehouse, Room 144-S
Topeka, Kansas 66612

Dear Senator Olson:

SUBJECT: Fiscal Note for SB 376 by Senate Committee on Federal and State Affairs

In accordance with KSA 75-3715a, the following fiscal note concerning SB 376 is respectfully submitted to your committee.

SB 376 would add the city of Topeka to the definition of “city” within the Kansas Rural Housing Incentive District Act. The bill would allow bond money issued under the Act to be used for the renovation or construction of single-family residential dwellings, multi-family residential dwellings, or buildings or other structures exclusively for residential use located on existing lots with infrastructure as specified in the Act. In addition, the bill would allow bond money to be used for buildings and other structures to be owned by or to be leased to any developer of a residential housing project within the district if it was used exclusively for residential use as provided in the Act.

The bill would increase the transfer from the Economic Development Initiatives Fund to the State Housing Trust Fund from \$2.0 million to \$20.0 million in FY 2023 and FY 2024. During FY 2021 and FY 2022, moneys in the State Housing Trust Fund would be required to be used solely for the purpose of loans or grants to cities or counties for infrastructure or housing development in rural areas. During FY 2023 and FY 2024, 75.0 percent of the monies in the State Housing Trust Fund would be required to be used solely for the purpose of loans or grants to cities or counties for infrastructure or housing development in rural areas, and the remaining 25.0 percent would be required to be used solely for the purpose of loans or grants to cities or counties with a population of 60,000 or more for infrastructure or housing development in urban areas.

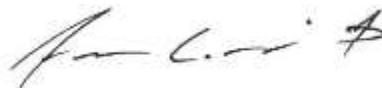
SB 376 would also add the date of January 13, 2025, to the current requirements for the President of the Kansas Housing Resources Corporation (KHRC) to submit a report concerning the activities of the State Housing Trust Fund to the House Committee on Appropriations and the

Senate Committee on Ways and Means. If a transfer of \$20.0 million was made by the Director of Accounts and Reports to the State Housing Trust Fund, on July 1, 2022, for FY 2023, or on July 1 of any successive fiscal year, the President of KHRC would be required to provide grants or loans to awardees for housing development in rural areas and for urban housing development in cities or counties with a population of 60,000 or more in the amount of up to \$900,000 per awardee.

The Kansas Department of Commerce and the Department of Revenue state that enactment of SB 376 would not have any fiscal effect on operations of either agency. However, the Department of Revenue could not determine a fiscal effect on revenue as that would come from future real property developments. The Department also notes that KSA 12-5250 indicates property located within a district shall be assessed and taxed as if located outside such district, and all ad valorem taxes are paid and collected the same as other property. Any taxes collected in excess of that generated by the assessed value at the date of the establishment of the district are deposited to a special fund for payment of special obligation bonds. Once bonds are paid and projects are completed, the funds are distributed in the same manner as all other ad valorem tax.

The Kansas Association of Counties indicates enactment of SB 376 could result in growth if individuals were to move to communities using the program, resulting in higher property tax collections and higher sales tax receipts. There is the risk that if the program did not attract new residents there could be an increased property tax burden on current residents to repay bonds. Any fiscal effect associated with SB 376 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,



Adam Proffitt
Director of the Budget

cc: Sherry Rentfro, Department of Commerce
Lynn Robinson, Department of Revenue