

January 31, 2023

The Honorable Caryn Tyson, Chairperson
Senate Committee on Assessment and Taxation
300 SW 10th Avenue, Room 548-S
Topeka, Kansas 66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 97 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 97 is respectfully submitted to your committee.

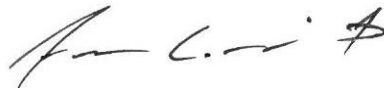
Under current law, \$40,000 of a residential property's appraised valuation is exempt from the state's 20-mill property tax for public schools in Tax Year 2022, with a statutory increase of the exemption in Tax Year 2023 based upon the average percentage change in statewide valuation of all residential real property for the preceding ten years. SB 97 would increase the exemption to \$65,000, beginning in Tax Year 2023, with a statutory increase in subsequent tax years based upon the 10-year average percentage change in the statewide valuation of all residential real property.

Estimated State Fiscal Effect				
	FY 2023 SGF	FY 2023 All Funds	FY 2024 SGF	FY 2024 All Funds
Revenue	--	--	--	(\$55,600,000)
Expenditure	--	--	\$55,600,000	--
FTE Pos.	--	--	--	--

The Department of Revenue estimates that the residential exemption would be \$42,049 in Tax Year 2023 (FY 2024). Increasing the exemption from \$42,049 to \$65,000 would result in a reduction of revenues generated from the 20-mill school levy totaling \$55.6 million in FY 2024, \$58.8 million in FY 2025 and \$62.3 million in FY 2026.

The Division of the Budget notes that the estimated reduction in revenues from the 20-mill school levy would require an offsetting appropriation for State Foundation Aid from the State General Fund to keep the Base Aid for Student Excellence (BASE) in the school finance formula at \$5,103 for FY 2024, as included in *The FY 2024 Governor's Budget Report*. If SB 97 would be enacted without a corresponding increase to the State General Fund appropriation for State Foundation Aid, the Department of Education would have to prorate the BASE by reducing state aid to school districts by approximately \$82 per weighted FTE student, using an estimated 680,000 weighted FTE students (excluding weighting for special education FTE students) in FY 2024. Any fiscal effect associated with SB 97 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

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