

February 27, 2014

The Honorable Richard Carlson, Chairperson
House Committee on Taxation
Statehouse, Room 185-N
Topeka, Kansas 66612

Dear Representative Carlson:

SUBJECT: Fiscal Note for HB 2667 by House Committee on Veterans, Military and
Homeland Security

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2667 is respectfully submitted to your committee.

HB 2667 would exempt up to two motor vehicles from property taxes if owned by a disabled veteran of the armed forces of the United States or Kansas National Guard. The bill would require the disabled veteran to be entitled to compensation for a service-connected disability of 100.0 percent by the United States Department of Veteran Affairs.

Passage of HB 2667 would decrease property tax revenues by providing a new property tax exemption for motor vehicles owned by certain disabled veterans. The Department of Revenue does not have data on the number of motor vehicles that would receive this property tax exemption to make a precise estimate of the amount of the reduction to property tax revenues. The bill would reduce the amount of property tax revenues that would be collected for the two state building funds, the Educational Building Fund and the State Institutions Building Fund. The bill would also decrease revenues to any local government that levies a property tax. The bill would not have a fiscal effect on state expenditures for aid to school districts because motor vehicles are already exempt from the state's uniform mill levy for education.

The Department of Revenue indicates that there were 4,423 registered motor vehicles with disabled veteran license plates as of December 31, 2013. Disabled veterans who are entitled to compensation for a service-connected disability of at least 50.0 percent are eligible to receive disabled veteran license plates. The Department of Revenue is unable to estimate how many of the 4,423 vehicles are owned by disabled veterans who are entitled to compensation for a service-connected disability of 100.0 percent and would qualify for the exemption under the provisions of this bill. However, the Department assumes that a relatively small number of vehicles would qualify for this exemption and the fiscal effect would be spread out across the state.

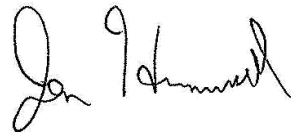
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The Department of Revenue indicates that it would require \$24,000 from the State General Fund in FY 2015 for the costs associated with modifying the vehicle title and registration system. The required programming for this bill by itself (120 hours in in-house programming and 120 hours of implementation) would be performed by existing staff of the Department of Revenue. However, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, expenditures for outside contract programmer services beyond the Department's current budget may be required. Any fiscal effect associated with HB 2667 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is fluid and cursive, with the first name "Jon" being more prominent than the last name "Hummell".

Jon Hummell,
Interim Director of the Budget

cc: Steve Neske, Revenue
Melissa Wangemann, KAC
Kafer Peele, KCVA