

February 17, 2020

The Honorable Richard Proehl, Chairperson
House Committee on Transportation
Statehouse, Room 581B-W
Topeka, Kansas 66612

Dear Representative Proehl:

SUBJECT: Fiscal Note for HB 2486 by House Committee on Veterans and Military

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2486 is respectfully submitted to your committee.

Under current law, full-time members of the United States military that are stationed in Kansas and full-time active guard and reservist members of the Kansas Army, Air National Guard, or the Kansas unit of the reserve forces of the United States military receive a property tax exemption for up to two motor vehicles. HB 2486 would extend the vehicle property tax exemption to allow all current members in good standing from the Kansas Army, Air National Guard, and the Kansas unit of the reserve forces of the United States military to receive the property tax exemption for up to two motor vehicles beginning in tax year 2020.

Passage of HB 2486 has the potential to decrease property tax revenues by expanding the eligibility of a current motor vehicle property tax exemption by allowing all current members in good standing from the Kansas Army, Air National Guard, and the Kansas unit of the reserve forces of the United States military to receive a property tax exemption for up to two motor vehicles. The Department of Revenue indicates that data from the Adjutant General's Office indicate that an additional 7,500 taxpayers or up to 15,000 vehicles could now be eligible for this motor vehicle property tax exemption under the provisions of the bill. However, the Department does not have valuation data on these motor vehicles or specifically where they are located within the state 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 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 the administrative costs associated with implementing the bill would be negligible and could be absorbed within existing resources. Any fiscal effect associated with HB 2486 is not reflected in *The FY 2021 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "L. L. Campbell". The signature is fluid and cursive, with a large initial "L" and a long, sweeping underline.

Larry L. Campbell
Director of the Budget

cc: Jay Hall, Association of Counties
Michael Neth, Office of the Adjutant General
Lynn Robinson, Department of Revenue