

February 15, 2022

The Honorable Caryn Tyson, Chairperson  
Senate Committee on Assessment and Taxation  
Statehouse, Room 548-S  
Topeka, Kansas 66612

Dear Senator Tyson:

**SUBJECT:** Fiscal Note for SB 374 by Senate Committee on Federal and State Affairs

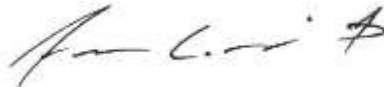
In accordance with KSA 75-3715a, the following fiscal note concerning SB 374 is respectfully submitted to your committee.

Current law provides a property tax exemption on property used to produce and generate electricity utilizing renewable energy resources or technologies, including wind, solar, photovoltaic, biomass, hydropower, geothermal, and landfill gas resources or technologies for ten tax years immediately following the tax year that the property was constructed, or installation was completed beginning in tax year 2017. SB 374 would eliminate this property tax exemption to applicants beginning in tax year 2023. To receive the current ten-year property tax exemption, an applicant would be required file an application on or before December 31, 2022, or receive a conditional use permit to produce and generate electricity on the property from the county where the property is located.

Passage of SB 374 has the potential to increase property tax revenues by eliminating a current property tax exemption. The state would receive additional property tax revenues to the two state building funds, the Educational Building Fund and the State Institutions Building Fund. The bill would increase the amount of property tax revenues that school districts would receive through the state's uniform mill levy. The bill would also increase revenues to any local government that levies a property tax. However, the Department of Revenue and Kansas Association of Counties do not have valuation data on renewable energy property that would be completed after January 1, 2023, that would no longer receive the ten-year property tax exemption; therefore, a precise estimate of the amount of increased property tax revenues and its effect on

local and state revenues cannot be estimated. Any fiscal effect associated with SB 374 is not reflected in *The FY 2023 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, Education  
Wendi Stark, League of Municipalities  
Jay Hall, Association of Counties