

February 19, 2014

The Honorable Marvin KleeB, Chairperson  
House Committee on Commerce, Labor and Economic Development  
Statehouse, Room 286-N  
Topeka, Kansas 66612

Dear Representative KleeB:

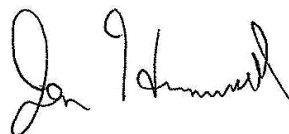
**SUBJECT:** Fiscal Note for HB 2648 by House Committee on Commerce, Labor and Economic Development

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2648 is respectfully submitted to your committee.

HB 2648 would provide a property tax exemption for land owned by a municipality that is a part of a public levee that is leased to a private party. The property tax exemption would be effective in tax year 2015 and each future tax year.

Passage of HB 2648 would decrease property tax revenues by providing a property tax exemption for land owned by a municipality and part of the public levee that is leased to a private party. The Department of Revenue does not have data on this type of property or the assessed valuation of this type of property to make a precise estimate of the amount of reduced property tax revenues; however, the overall reduction to property tax revenues is estimated to be negligible. 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. Less property tax revenue would also have an effect on state expenditures for aid to school districts. To the extent that school districts receive less property tax revenue through the state's uniform mill levy, the state customarily provides more state aid through the school finance formula. The bill would also decrease revenues to any local government that levies a property tax. Any fiscal effect associated with HB 2648 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,



Jon Hummell,  
Interim Director of the Budget

cc: Steve Neske, Department of Revenue  
Melissa Wangemann, Association of Counties  
Larry Baer, League of Municipalities