

February 16, 2011

The Honorable Les Donovan, Chairperson  
Senate Committee on Assessment and Taxation  
Statehouse, Room 123-E  
Topeka, Kansas 66612

Dear Senator Donovan:

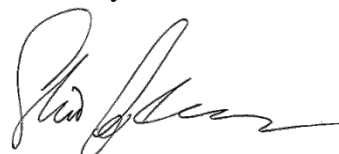
**SUBJECT:** Fiscal Note for SB 87 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 87 is respectfully submitted to your committee.

SB 87 would clarify the property tax exemption that exists in current law for non-profit community service organizations that provide humanitarian services. The bill would prohibit not-for-profit corporations from receiving this property tax exemption if the corporation receives more than 40.0 percent of its revenues from the sale of memberships or program services that would be subject to state or local sales tax if those memberships or program services were sold by a corporation that is subject to property taxes under the laws of the State of Kansas.

Passage of SB 87 would increase property tax revenues by limiting the ability of certain not-for-profit corporations from continuing to receive a current property tax exemption. If property tax revenue increases as a result of the bill, then revenue to any local government that levies a property tax would increase and revenue would also increase to the two state building funds, the Educational Building Fund and the State Institutions Building Fund. The bill would also have an effect on state expenditures for aid to school districts. To the extent that school districts receive additional property tax revenue through the state's uniform mill levy, the state provides less state aid through the school finance formula. However, a precise estimate of the amount of increased property tax revenue and the effect on local and state revenues cannot be estimated because the Department of Revenue does not have data on the type and amount of property that would no longer qualify for a property tax exemption under the provisions of this bill.

Sincerely,



Steven J. Anderson, CPA, MBA  
Director of the Budget

cc: Steve Neske, Revenue