

February 26, 2015

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

Dear Representative Kleebl:

SUBJECT: Fiscal Note for HB 2077 by House Committee on Veterans, Military and
Homeland Security

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2077 is respectfully submitted to your committee.

HB 2077 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. The bill would allow this property tax exemption to be applied retroactively beginning in tax year 2014.

Passage of HB 2077 would decrease property tax revenues by providing a new property tax exemption for motor vehicles owned by certain disabled veterans. The Department of Revenue and the Kansas Association of Counties do 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 it would require \$500 from the State General Fund in FY 2016 for the costs associated with modifying the motor vehicle registration system. The required programming for this bill by itself 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.

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The Kansas Commission on Veterans Affairs Office indicates that the bill would have no fiscal effect on its operations. Any fiscal effect associated with HB 2077 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Jack Smith, Department of Revenue
Melissa Wangemann, Association of Counties
Kafer Peele, Veterans Affairs