

February 9, 2016

The Honorable Larry Campbell, Chairperson
House Committee on Vision 2020
Statehouse, Room 149-S
Topeka, Kansas 66612

Dear Representative Sloan:

SUBJECT: Fiscal Note for HB 2569 by House Committee on Vision 2020

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2569 is respectfully submitted to your committee.

HB 2569 would increase the Educational Building Fund property tax levy from one mill to five mills beginning in tax year 2017.

The Department of Revenue estimates that HB 2569 would increase Educational Building Fund revenues by \$130.4 million in tax year 2017. To formulate this estimate, the Department of Revenue reviewed data on assessed valuations for property subject to the Educational Building Fund property tax levy. The Department of Revenue estimates that the Educational Building Fund would receive \$32.6 million from the current one mill levy in tax year 2017. Increasing the property tax levy to five mills would generate approximately \$163.0 million in property tax revenues for the Educational Building Fund in tax year 2017. As a result, increasing the property tax levy from one mill to five mills would generate an additional \$130.4 million above current estimates in tax year 2017. Future tax years would also have similar results depending on any future changes to the assessed valuation of property.

The Board of Regents indicates that additional funding for the Educational Building Fund would be used to fund deferred maintenance projects at the state universities. According to the Board, the estimate of deferred maintenance backlog for state universities was \$829.0 million in FY 2015. The Board estimates that an annual amount of \$99.0 million is needed for on-going maintenance to prevent any further backlogs and to adequately maintain university campuses. Any fiscal effect associated with HB 2569 is not reflected in *The FY 2017 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Jack Smith, Department of Revenue
Kelly Oliver, Board of Regents