

January 28, 2015

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

Dear Senator Donovan:

SUBJECT: Fiscal Note for SB 50 by Senate Committee on Local Government

In accordance with KSA 75-3715a, the following fiscal note concerning SB 50 is respectfully submitted to your committee.

SB 50 would set the residential property tax assessment rate of 11.5 percent of fair market value for the outbuildings or adjacent properties of a main bed and breakfast home if the total number of bedrooms does not exceed five. Under current law, this property is assessed at the commercial rate of 25.0 percent.

Passage of SB 50 has the potential to decrease property tax revenues by lowering the property tax assessment rate on certain bed and breakfast property. Any local government that levies a property tax on this type of property would receive less revenue and revenue would also decrease to the two state building funds, the Educational Building Fund and the State Institutions Building Fund. The bill would also reduce the amount of property tax revenue that school districts would receive through the state's uniform mill levy. However, the Department of Revenue does not have data on the amount of certain bed and breakfast property that would move from an assessment rate of 25.0 percent to 11.5 percent under the provisions of SB 50; therefore, a precise estimate of the amount of decreased property tax revenue and its effect on local and state revenues cannot be estimated. Any fiscal effect associated with SB 50 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Jack Smith, KDOR
Jody Allen, Tax Appeals
Melissa Wangemann, KAC