

March 13, 2019

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

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2293 by Representative Rhiley

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2293 is respectfully submitted to your committee.

Under current law, productivity of land devoted to agriculture use is determined for all land classes within each county or region based on an eight-calendar year average. Additionally, commodity prices, crop yields and pasture and range-land rental rates and expenses are based on an eight-calendar year average.

HB 2293 would measure productivity of land devoted to agriculture use within each county or region based on an average of the calendar year immediately preceding the calendar year that immediately precedes the year of valuation. Commodity prices, crop yields and pasture and range-land rental rates and expenses would also be based on an average of the calendar year immediately preceding the calendar year that immediately precedes the year of valuation.

The Kansas Association of Counties indicates enactment of HB 2293 would have a fiscal effect on local property tax collections by changing how agricultural parcels of land are assigned an assessed value. The Association notes that the bill would reduce property tax collections the year following low productivity levels and increase tax collections the year following high productivity levels.

The Department of Revenue indicates enactment of HB 2293 would increase volatility in tax revenues received through the state's uniform mill levy for schools and the state building funds for all counties with large amounts of agricultural land. Volatility would increase because the bill would use one-year crop prices and yields for calculating land values instead of an eight-year

average. The Department is unable to estimate the fiscal effect on tax revenues collected for schools and the state building funds because the Department cannot predict how land valuations will fluctuate from year to year. Any fiscal effect associated with HB 2293 is not reflected in *The FY 2020 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink that reads "L. L. Campbell". The signature is written in a cursive style with a large, stylized initial "L".

Larry L. Campbell
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Jay Hall, Association of Counties
Jody Allen, Tax Appeals