

March 14, 2022

The Honorable Caryn Tyson, Chairperson
Senate Committee on Assessment and Taxation
Statehouse, Room 548-S
Topeka, Kansas 66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 538 by Senate Committee on Assessment and Taxation

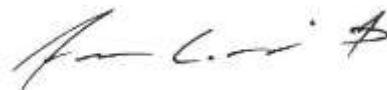
In accordance with KSA 75-3715a, the following fiscal note concerning SB 538 is respectfully submitted to your committee.

Under current law, State General Fund transfers to the Local Ad Valorem Tax Reduction Fund (LAVTRF) are suspended in the appropriation bill for both FY 2022 and FY 2023 and are capped at \$54.0 million when the transfer is set to resume in FY 2024. SB 538 would eliminate any future transfers from the State General Fund to the LAVTRF and remove all statutory references to the LAVTRF.

The Department of Revenue estimates that SB 538 would increase State General Fund revenues by \$54.0 million in FY 2024 by eliminating the statutory transfer to the LAVTRF. LAVTRF transfers have routinely been suspended and delayed in appropriation bills since the last transfer took place in FY 2003. The Governor recommends continuing the suspension of this transfer and delaying when this transfer would resume in *The FY 2023 Governor's Budget Report*.

The League of Kansas Municipalities and the Kansas Association of Counties indicate that the bill would eliminate the statutory LAVTRF transfer that could provide additional resources to local governments for property tax relief.

Sincerely,



Adam Proffitt
Director of the Budget

cc: John Hedges, Office of the Treasurer
Lynn Robinson, Department of Revenue
Wendi Stark, League of Municipalities
Jay Hall, Association of Counties