

March 20, 2007

The Honorable Barbara Allen, Chairperson
Senate Committee on Assessment and Taxation
Statehouse, Room 122-E
Topeka, Kansas 66612

Dear Senator Allen:

SUBJECT: Fiscal Note for SB 383 by Senate Committee on Ways and Means

In accordance with KSA 75-3715a, the following fiscal note concerning SB 383 is respectfully submitted to your committee.

Housing for the elderly, persons with disabilities, and low income individuals is exempt from property tax, if the residences are owned and operated by an organization recognized as a community housing development organization by the Kansas Housing Resources Corporation. SB 383 would extend this tax exemption for these types of residences if they are owned and operated by a limited partnership or limited liability company formed for the purpose of developing low income housing to access federal income tax credits that includes a general partner or managing member that is organized as a not-for-profit; a corporation or limited liability company organized as a not-for-profit; and a limited liability company that is exempt from federal income taxation.

Passage of SB 383 would decrease property tax revenues by creating another tax exemption. The state funds directly affected by this bill are the two building funds, the Educational Building Fund (EBF) and the State Institutions Building Fund (SIBF). The Department of Revenue is unable to provide a precise estimate of the reduction in revenue to these two funds, because it does not know the number of additional residences that would be exempted from property tax if SB 383 were enacted. SB 383 would also have an effect on state expenditures for aid to school districts. To the extent that school districts receive less property tax revenue through the state's uniform mill levy, the state provides more state aid through the

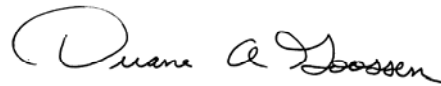
The Honorable Barbara Allen, Chairperson

March 20, 2007

Page 2—383

school finance formula. The bill would also decrease revenues to any local government that levies a property tax.

Sincerely,

A handwritten signature in black ink that reads "Duane A. Goossen". The signature is written in a cursive style with a large initial "D".

Duane A. Goossen
Director of the Budget

cc: Steve Neske, Revenue