

SESSION OF 2021

**SECOND CONFERENCE COMMITTEE REPORT BRIEF
SENATE SUBSTITUTE FOR HOUSE BILL NO. 2313**

As Agreed to May 7, 2021

Brief*

Senate Sub. for HB 2313 would provide for property tax reimbursements in the event of shutdowns or restrictions due to disaster emergency declarations, extend the 20-mill statewide school finance levy, expand the motor vehicle property tax exemption for National Guard members, modify *pro tempore* membership provisions for the State Board of Tax Appeals (BOTA), and require the Legislative Division of Post Audit to study the impact of governmental and nonprofit organizations competing with for-profit businesses.

***Disaster Emergency Declarations Property Tax
Reimbursements***

Beginning January 1, 2022, the bill would provide for reimbursements from the county general fund to the owner of any building maintaining a business on the property that was shut down or limited in any capacity pursuant to a declared disaster emergency. The reimbursement would be 1/365 of the amount of taxes levied for every day the business is shut down and 1/365 the amount of taxes levied multiplied by the percentage restricted for every day the business is required to restrict operations. "Restricted" would mean any occupancy limitation, limitation on periods of operation, or the exertion by any governmental entity or other significant control on business resources or functionality.

*Conference committee report briefs are prepared by the Legislative Research Department and do not express legislative intent. No summary is prepared when the report is an agreement to disagree. Conference committee report briefs may be accessed on the Internet at <http://www.kslegislature.org/kldr>

If the State or any political subdivision of the State, other than the county, issued the order shutting down or restricting the business, such governmental entity would be required to reimburse the county for the cost of the reimbursement.

If the business on the property is not operated by the owner of the property, the property owner and the business operator would each be entitled to 50 percent of the reimbursement. The business operator would be permitted to assign the operator's share to the property owner as credit against any delinquent rent owed to the property owner.

Statewide School Finance Tax Levy

The bill would re-authorize the 20-mill property tax levy for school years 2021-2022 and 2022-2023.

The bill would continue the exemption of residential property up to \$20,000 of its appraised valuation from the 20-mill property tax levy for taxable years 2021 and 2022.

National Guard Motor Vehicle Property Tax Exemption

The bill would extend a vehicle property tax exemption for up to two motor vehicles to all current members in good standing of the Kansas Army National Guard, Kansas Air National Guard, or U.S. military reserve forces stationed in Kansas, beginning in tax year 2022. Under current law, members of the Kansas Army National Guard, Kansas Air National Guard, or Kansas reserve forces of the U.S. military receive the exemption only when stationed or assigned in Kansas under authority of Title 10 or 32 of the U.S. Code.

Board of Tax Appeals Pro Tempore Membership

The bill would provide that a *pro tempore* member of BOTA may be appointed when there is any vacancy on the

Board. Current law requires two vacancies prior to the appointment of a *pro tempore* member.

Legislative Division of Post Audit Study

The bill would require the Legislative Post Audit Committee to direct the Legislative Division of Post Audit to conduct a study of the impact of nonprofit organizations and governmental entities competing against for-profit businesses during calendar year 2021 and submit a final study report to the Legislature on or before January 15, 2022.

Conference Committee Action

The second Conference Committee agreed to the Senate amendments to the bill and also agreed to remove the sunset on the Selective Assistance for Effective Senior Relief program, remove the provisions creating the Golden Years Homestead Property Tax Freeze Program and the COVID-19 Retail Storefront Property Tax Relief Act, and clarify the definition of “restricted” within the Disaster Emergency Declarations Property Tax Reimbursements.

Background

The bill was introduced by the House Committee on Veterans and Military at the request of the Enlisted Association of the National Guard of Kansas and referred to the House Committee on Taxation. As introduced, it contained provisions related to the National Guard motor vehicle property tax exemption.

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House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by a representative of the Enlisted Association of the National Guard of Kansas, who stated it is unfair to provide active duty military or guard reserve members with an exemption while excluding other Kansas airmen and soldiers, given that all of them help protect Kansas.

No other testimony was provided.

Senate Committee on Assessment and Taxation

In the Senate Committee hearing, **proponent** testimony was provided by two representatives of the Enlisted Association of the National Guard of Kansas, who stated the exemption is most appropriately provided to all current National Guard members.

No other testimony was provided.

The Senate Committee amended the bill to include the COVID-19 Retail Storefront Property Tax Relief Act and provisions related to disaster emergency declaration property tax reimbursements (similar to provisions in SB 149), the statewide school finance tax levy (SB 277), BOTA *pro tempore* membership, and an audit by the Legislative Division of Post Audit. [Note: The second Conference Committee retained these amendments.]

Senate Committee of the Whole

The Senate Committee of the Whole amended the bill to insert the Golden Years Homestead Property Tax Freeze Act and the sunset of the Selective Assistance for Effective

Senior Relief tax credit. The Golden Years Homestead Property Tax Freeze Act had been introduced in SB 76. [Note: The second conference committee did not retain these amendments.]

In the Senate Committee on Assessment and Taxation hearing on SB 76, **proponent** testimony was offered by Senators Holland, Peck, and Pittman; a representative of the Kansas Association of Counties; and a private citizen. Written-only **proponent** testimony was offered by Senator Petersen, a representative of the Kansas Association of Realtors, and two private citizens. Proponents stated the bill would make property tax bills more affordable for senior citizens.

Opponent testimony was offered by a representative of the Kansas Chamber of Commerce, stating the bill would mask the true cost of property taxes and result in property tax shifts.

Written-only neutral testimony was offered by a representative of the Kansas Policy Institute.

SB 149 (Disaster Emergency Declarations Property Tax Reimbursements)

The bill was introduced by the Senate Committee on Assessment and Taxation at the request of Representative Corbet.

Senate Committee on Assessment and Taxation

At the Senate Committee hearing on the bill, **proponent** testimony was provided by representatives of the Kansas Chamber of Commerce and the Kansas Restaurant and Hospitality Association. Written-only **proponent** testimony was provided by Representative Corbet and a private citizen. Proponents stated the bill would reimburse business owners

for property taxes attributable to times when the businesses were shut down due to governmental orders.

Opponent testimony was provided by a representative of the Kansas Association of Counties. Written-only **opponent** testimony was provided by a representative of the Kansas Legislative Policy Group. Opponents stated the bill would place an undue burden on county budgets.

Written-only neutral testimony was provided by a representative of the League of Kansas Municipalities.

SB 277 (Statewide School Finance Tax Levy)

The bill was introduced by the Senate Committee on Ways and Means at the request of Senator McGinn.

Senate Committee on Assessment and Taxation

At the Senate Committee hearing on the bill, **proponents** included Representative Jennings and representatives of United School Administrators of Kansas, USD 204 Bonner Springs, USD 252 Southern Lyon County, and USD 232 De Soto. Written-only **proponent** testimony was provided by representatives of the Kansas Association of School Boards and the Kansas State Board of Education. Proponents stated the statewide mill levy was necessary to finance schools and also requested certain date changes related to SB 13.

Neutral testimony was provided by a representative of the League of Kansas Municipalities.

Fiscal Information

Disaster Emergency Declarations Property Tax Reimbursements

According to information provided by the Department of Revenue on April 27, 2021, the Department is unable to estimate the impact of future emergency declarations.

Statewide School Finance Mill Levy

According to the fiscal note prepared by the Division of the Budget on SB 277, revenues from the 20-mill statewide property tax are estimated to be \$752.4 million in FY 2022 and \$770.6 million FY 2023. Enactment of the bill is reflected in *The FY 2022 Governor's Budget Report*.

National Guard Motor Vehicle Property Tax Exemption

According to the fiscal note prepared by the Division of the Budget on HB 2313 as introduced, the Department of Revenue indicates enactment of the bill could reduce state revenues by as much as \$27,288 for FY 2022, with \$18,192 from the Educational Building Fund and \$9,096 from the State Institutions Building Fund, and would also decrease revenues to local governments that levy property tax by an amount not calculated by the Department. The bill would require \$720 for Department administrative costs from the State General Fund for FY 2022. Any fiscal effect associated with HB 2313 as introduced is not reflected in *The FY 2022 Governor's Budget Report*.

Taxation; property tax; Board of Tax Appeals; National Guard; motor vehicle property tax; disaster declarations; Legislative Division of Post Audit

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