

February 6, 2014

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

Dear Representative Carlson:

SUBJECT: Fiscal Note for HB 2511 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2511 is respectfully submitted to your committee.

HB 2511 would establish that when personal property is abandoned or repossessed, after it has been assessed taxes but before any taxes are paid, the owner or lessee of the real property where the personal property was abandoned or repossessed is not liable for the unpaid taxes if they acquire lawful title to the personal property within 12 months of the time the property is held as abandoned or legal proceedings are commenced to effect a repossession. The bill also clarifies statutory language for property tax liens on transferred property.

The Department of Revenue indicates passage of HB 2511 would reduce property tax revenues by no longer providing for the collection of delinquent personal property taxes from landowners and lessees who acquire personal property that is abandoned or repossessed on their land. The Department of Revenue does not have data on the amount of delinquent property taxes that would not be collected as a result of this bill to make a precise estimate of the amount of reduced property tax revenue; however, the overall reduction to property tax revenues is estimated to be negligible. The bill would reduce the amount of property tax revenues that would be collected for the two state building funds, the Educational Building Fund and the State Institutions Building Fund. Less property tax revenue 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 school finance formula. The bill would also decrease revenues to any local government that

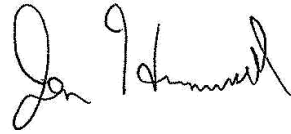
The Honorable Richard Carlson, Chairperson

February 6, 2014

Page 2—HB 2511

levies a property tax. Any fiscal effect associated with HB 2511 is not reflected in *The FY 2015 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is written in a cursive style with a large initial "J" and "H".

Jon Hummell,
Interim Director of the Budget

cc: Steve Neske, Department of Revenue
Melissa Wangemann, Association of Counties
Larry Baer, League of Municipalities