

February 23, 2017

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

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2083 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2083 is respectfully submitted to your committee.

Under current law, a motor vehicle cannot be registered if the applicant owes any delinquent personal property taxes for any previous year. HB 2083 would allow a county the option to also require that a motor vehicle cannot be registered if the applicant is also delinquent on real property taxes for any previous year. To qualify for this new procedure, the amount of the delinquent real property taxes would not include delinquent real property taxes on the applicant's homestead and would be required to be at least twice the average real property tax imposed in the county. The bill would allow one motor vehicle to be registered for a business that owes real property taxes, if the applicant verifies by affidavit that the applicant has no access to any other motor vehicle for personal or non-business use. These changes would be effective for motor vehicle registrations beginning on January 1, 2018 for counties that that pass a resolution to participate in this procedure.

The Department of Revenue indicates HB 2083 would have no fiscal effect on state property tax revenues. The Department of Revenue indicates the bill would require \$8,987 from the State General Fund to modify the motor vehicle processing system in FY 2018. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. However, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required.

The Kansas Association of Counties indicates that the bill has the potential to increase property tax collections by requiring certain delinquent real property taxes to be paid in full

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before a motor vehicle could be registered. The bill would not create a new revenue source for counties, but would provide an expanded means to collect delinquent real property taxes for counties that participate in this procedure. However, the Kansas Association of Counties does not have data to make an estimate of the additional real property tax revenues for counties that may result from the enactment of HB 2083. Any fiscal effect associated with HB 2083 is not reflected in *The FY 2018 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Melissa Wangemann, Association of Counties