

# STATE OF KANSAS



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GOVERNOR JEFF COLYER, M.D.  
LARRY L. CAMPBELL, CHIEF BUDGET OFFICER

February 9, 2018

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

Dear Representative Johnson:

**SUBJECT:** Fiscal Note for HB 2584 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2584 is respectfully submitted to your committee.

HB 2584 would prohibit county treasurers from distributing the portion of property taxes that are in dispute for certain residential property when the taxes are paid under protest until the appeal process is final.

Enactment of HB 2584 has the potential to delay the distribution of certain property taxes. However, it is unclear if the bill refers to residential real property, residential personal property (mobile homes), or both. The Department of Revenue indicates that in tax year 2016, the total statewide assessed valuation subject to payment under protest was approximately \$500.0 million, with approximately \$120.0 million attributed specifically to residential property. If similar result occurs in FY 2019, the Department of Revenue indicates the bill would delay the distribution of residential property taxes based on \$120.0 million in assessed valuation. 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 estimates this bill has the potential to delay revenues to these two funds by \$180,000 in FY 2019, with \$120,000 from the EBF and \$60,000 from the SIBF. The bill has the potential to delay property tax revenues by \$2.4 million that school districts would receive through the state's uniform mill levy. The bill also has the potential to delay revenues to any local government that levies a property tax. The Department of Revenue does not have data to estimate the number of additional appeals or the amount of additional property taxes paid under protest that could result from the enactment of this bill.

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The Board of Tax Appeals indicates the bill would have no fiscal effect on its operations. The League of Kansas Municipalities and the Kansas Association of Counties indicate that local governments could potentially experience cashflow problems due to the hold placed on protested taxes until the appeal process is final. The hold placed on protested taxes also has the potential to affect the budgeting process of local governments. Any fiscal effect associated with HB 2584 is not reflected in *The FY 2019 Governor's Budget Report*.

Sincerely,



Larry L. Campbell  
Chief Budget Officer

cc: Lynn Robinson, Department of Revenue  
Jody Allen, Tax Appeals  
Chardae Caine, League of Municipalities  
Melissa Wangemann, Association of Counties  
Dale Dennis, Education