

March 27, 2015

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

Dear Representative Kleeb:

SUBJECT: Fiscal Note for HB 2001 by Representative Brunk

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2001 is respectfully submitted to your committee.

HB 2001 would prohibit county treasurers from distributing property taxes paid under protest until the appeal process is final.

Passage of HB 2001 would delay the distribution of property taxes paid under protest until the appeal process is final. 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 would delay revenues to these two funds by \$615,413 in FY 2016, with \$410,275 going to the EBF and \$205,138 going to the SIBF. The bill would delay property tax revenues by \$8,205,506 that school districts would receive through the state's uniform mill levy. The bill would also delay revenues to any local government that levies a property tax. To formulate these estimates, the Department of Revenue reviewed data on the total statewide assessed valuation subject to payment under protest. The Department indicates that in tax year 2013 the total statewide assessed valuation subject to payment under protest was \$410,275,275 and assumes similar results for property taxes paid under protest in future tax years.

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. If the amount of property taxes paid under protest increases in future tax years, the mill levy could be adjusted to accommodate

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budgetary needs of local governments. Any fiscal effect associated with HB 2001 is not reflected in *The FY 2016 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: Jack Smith, Department of Revenue  
Larry Baer, League of Municipalities  
Melissa Wangemann, Association of Counties  
Dale Dennis, Education