

Date: February 8, 2016

To: House Vision 2020 Committee

From: Larry R. Baer
General Counsel

Re: HB 2546
Neutral Testimony with Comments

Thank you for allowing me to appear before you today and present testimony regarding House Bill 2546 on behalf of the League of Kansas Municipalities and its member cities.

As written, HB 2546 gives counties the option to allow taxpayers to pay real property taxes and personal property taxes on a quarterly basis rather than one-half by December 20th and one-half by May 10th. The quarterly payment plan does not appear to result in less property tax being collected in the long term. However, the League does still have some concerns that need to be shared with the Committee. These include:

- HB 2546 has the potential to decrease the amount of tax revenues conveyed to cities following the December 20th and May 10th collection dates. This could lead to cash flow issues with cities that count on the majority of tax payments being received on the traditional dates. Often, debt service payments are tied to these distribution dates.
- The actual impact of installment payments will not be easily calculated, at least in the early years. Thus, the budgeting process could be challenging. This would be particularly challenging if the current tax lid limitations remain in effect because of the unknown impact of average tax payments on total dollars collected.
- While counties may opt in or out of either program, cities have no choice. They are required to follow the lead of the county.

While the League understands the reasoning and rationale behind HB 2546, the unknowns about the bill give us concern. Therefore, we ask that you give HB 2546 careful consideration when it is worked.

Thank you. I will stand for questions at the appropriate time.