

SESSION OF 2003

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2464

As Amended by House Committee of the Whole

Brief*

HB 2464 would, upon a special determination by the Governor in August or September of 2003 as to the state's fiscal condition, accelerate the payment date for the second half of the prior year's property taxes from June 20 to May 10, beginning in 2004. Also contingent upon that determination, the bill would change a number of other statutory dates related to that policy decision, including various property tax receipt distribution dates; motor vehicle receipt distribution dates; dates relating to when county treasurers are required to mail delinquency notices; and dates relating to the computation of interest on delinquent taxes.

Further contingent upon the determination of the Governor to implement the property tax accelerator would be various adjustments to state property tax levies. For tax year 2003 only, the current levy of 1 mill for the Kansas Educational Building Fund (EBF) would be reduced to 0.6 mills; the current levy of 0.5 mills for the State Institutions Building Fund (SIBF) would be reduced to 0.3 mills; and a new temporary levy of 0.6 would be imposed for the State General Fund (SGF). The levies for the EBF and SIBF would return to their current levels beginning in tax year 2004, and no levy would be imposed for the SGF in that year.

The Governor, if deciding to implement her authority and make the determination necessary to trigger the property tax accelerator and other provisions, would be required to publish notice in the *Kansas Register* on or before September 30, 2003.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org/klrd>

Background

The House Taxation Committee forwarded the bill to the House without recommendation.

HB 2464 was introduced at the request of the Governor. Secretary of Revenue, Joan Wagnon, said that the amendments were technical in nature and reflected the Governor's intent at the time the legislation was drafted.

The House Committee of the Whole on May 6 added the provision making the property tax accelerator contingent on the finding by the Governor; and the provisions relating to changes in the state property tax levies.

Based on a property tax model developed and maintained by the Legislative Research Department, the amount of accelerated local effort for purposes of the school finance formula (from the 20 mill mandatory school district general fund property tax levy) would be as follows:

(\$ in millions)

	<u>School Finance (20 mills)</u>
FY 2004	\$163.057
FY 2005	\$6.917
FY 2006	\$7.203
FY 2007	\$7.500
FY 2008	\$7.809

The changes in the various state mill levies would effectively capture for the benefit of the SGF revenues which otherwise would have been accelerated to the EBF and SIBF assuming the Governor were to trigger the accelerator provisions. Under either circumstance, the total state levies under the bill would remain 1.5 mills, which has been the total rate since 1965. While common in the early years of the state's

history, a general operating levy (as could be provided for one year for the SGF) was last assessed in 1955. In conjunction with the state's share of motor vehicle personal property, the following is the estimated impact should the accelerator and new tax rates be imposed.

(\$ in millions)

	<u>EBF</u>	<u>SIBF</u>	<u>SGF</u>
FY 2004	\$0.0	\$0.0	\$15.9
FY 2005	0.4	0.2	0.0
FY 2006	0.4	0.2	0.0
FY 2007	0.4	0.2	0.0
FY 2008	0.4	0.2	0.0