

February 25, 2025

The Honorable Caryn Tyson, Chairperson
Senate Committee on Assessment and Taxation
300 SW 10th Avenue, Room 548-S
Topeka, Kansas 66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 269 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 269 is respectfully submitted to your committee.

Under current law, a taxpayer who has filed an appeal for a previous year that has not been decided by the Board of Tax Appeals (BOTA) and is beyond the statutory time period would not be charged a filing fee. SB 269 would clarify that a taxpayer who has filed an appeal for a previous year that has not been decided by the board and still pending before BOTA at the time another appeal is filed would not be charged a filing fee.

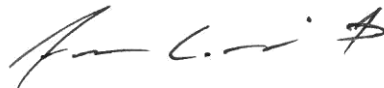
BOTA estimates that SB 269 would decrease BOTA Filing Fee Fund revenues by \$130,000 in FY 2026, \$135,000 in FY 2027, and \$140,000 in FY 2028. To formulate these estimates, BOTA reviewed three years of historical data to estimate the number of applicable cases in which a subsequent tax year appeal was filed at the same time an appeal from a prior year was pending. BOTA did not consider 2024 filings as the deadlines for those properties to file 2025 appeals have not yet occurred. BOTA then evaluated the amount of filing fees that were charged for the subsequent tax year appeals to determine potential revenue loss if those fees were waived.

BOTA indicates the number of appeals filed annually has generally increased for the past several years, but staffing levels have remained somewhat constant. While BOTA indicates that it is improving its IT infrastructure that it uses to process cases, its staffing levels will not increase, making it unlikely that case processing speed can be substantially increased. BOTA makes every attempt to docket and set matters for hearing as quickly as possible; however, most cases are subject to one or more continuances of hearing dates by one or both parties to the hearing. Cases are often set several months down the road because of the limited availability of experts and

attorneys that need to conduct extensive discovery proceedings, exchange evidence, engage in settlement discussions, conduct depositions, file summary judgment motions, or other case-specific issues. For some large commercial appeals, the hearing is set at least five months into the future. BOTA also notes that in some instances a party could file a payment under protest appeal in December for the current tax year, then file an equalization appeal in February for the subsequent tax year, in which case the party would avoid a filing fee, but BOTA would have had no opportunity to have heard the payment under protest appeal prior to the new filing.

Under current law, cash flow estimates for the BOTA Filing Fee Fund show that the fund will be able to sustain its expenditure obligations through FY 2026. However, out-year estimates suggest a declining ending balance that may require more of the budget to be funded from the State General Fund in the future. BOTA indicates the reduction of BOTA Filing Fee Fund revenue from this bill would put additional strain on its fee fund balance. In FY 2024, BOTA's budget was slightly over 50.0 percent provided by the BOTA Filing Fee Fund, and just under 50.0 percent from the State General Fund. Most of its budget is for salaries and wages, followed by fixed costs for rent, building maintenance, data connectivity, and other expenses. BOTA indicates that any loss in BOTA Filing Fee Fund revenues would be required to be replaced with an increase to its State General Fund appropriation beginning in FY 2026 to provide adequate funding for its operations. Any fiscal effect associated with SB 269 is not reflected in *The FY 2026 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam C. Proffitt", with a stylized flourish at the end.

Adam C. Proffitt
Director of the Budget

cc: Stephen Bauchum, Board of Tax Appeals