

February 10, 2011

The Honorable Les Donovan, Chairperson
Senate Committee on Assessment and Taxation
Statehouse, Room 123-E
Topeka, Kansas 66612

Dear Senator Donovan:

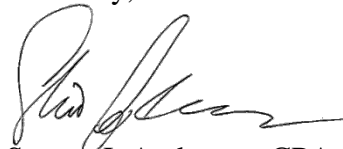
SUBJECT: Fiscal Note for SB 108 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 108 is respectfully submitted to your committee.

SB 108 would create a formula for calculating the amount of estimated property taxes and assessments on land legally described in plats filed with the Register of Deeds. If the tax roll has not been certified to the county treasurer, then the estimated property taxes to be levied by a taxing subdivision would be calculated by using the county appraiser's latest certified valuation multiplied by the current year's tax levy rate, plus 10.0 percent. After the tax roll has been certified, then the county treasurer would use the amount of estimated property taxes and assessments that were collected to pay the actual amount of property taxes and assessments on the property. In the event of a surplus, the county treasurer would provide a refund. In the event the amount deposited is insufficient, the county treasurer would notify the owner of record of the balance due and unpaid. Any unpaid portion would become due in full on or before December 20 and any amount remaining due and unpaid after that date would be charged interest.

The Department of Revenue indicates SB 108 would have no fiscal effect on state revenues. The League of Kansas Municipalities indicates that the bill has the potential to increase property tax revenues by clarifying procedures for collecting estimated property taxes and assessments, and by requiring additional estimated taxes to be paid to the county treasurer than under current law. If property tax collections increase as a result of SB 108, then revenue to any local government that levies a property tax would increase and revenue would also increase to the two state building funds, the Educational Building Fund and the State Institutions Building Fund. The bill would also have an effect on state expenditures for aid to school districts. To the extent that school districts receive additional property tax revenue through the state's uniform mill levy, the state provides less state aid through the school finance formula. However, a precise estimate of the amount of increased property tax revenue and effect on local and state revenues cannot be estimated.

Sincerely,



Steven J. Anderson, CPA, MBA
Director of the Budget

cc: Steve Neske, Revenue
Larry Baer, League of KS Municipalities
Melissa Wangemann, KS Association of Counties