

March 17, 2014

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

Dear Representative Carlson:

SUBJECT: Fiscal Note for HB 2745 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2745 is respectfully submitted to your committee.

HB 2745 would create new procedures for placing tax liens on sold or transferred personal property. On or after January 1, 2015, any personal property that is sold or transferred, after the property is assessed taxes and before the taxes are paid, would be subject to a lien in the amount of the tax assessment for the year of sale or transfer. The lien would not be a personal debt of the purchaser or transferee and the purchaser or transferee would not be liable for taxes for any prior year. The tax lien would be in preference to any other liens on the property.

The county treasurer would be required to issue a warrant for the collection of the taxes after it is informed of the sale or transfer of the property and the sheriff would collect the taxes. The one owing the tax would be civilly liable to any person taking possession of property with any taxes that have not been paid. There is no liability if the property was sold in the ordinary course of retail trade and there is no liability for the tax after the expiration of three years from the date the tax originally became due and payable. If at the time of sale, taxes on the personal property remain due and unpaid for any year or years prior to the year of sale, then the unpaid taxes would become a personal debt of the seller. The county treasurer would be required to update records to show that the seller or transferee is delinquent and owes personal property taxes and would be unable to register a vehicle until the taxes are paid.

The Department of Revenue indicates passage of HB 2745 would have no fiscal effect on property tax revenues. The Kansas Association of Counties and the League of Kansas Municipalities indicate that the bill has the potential to increase property tax collections by placing an immediate lien on personal property to the owner of the personal property at the time the property taxes were due. However, the Kansas Association of Counties and the League of

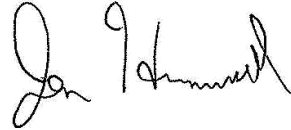
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Kansas Municipalities do not have data to estimate the amount of additional property taxes that would be collected from property that would be subject to a lien to make a precise estimate of the fiscal effect on local governments.

Sincerely,

A handwritten signature in black ink, appearing to read "Jon Hummell". The signature is written in a cursive style with a large initial "J" and "H".

Jon Hummell,  
Interim Director of the Budget

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