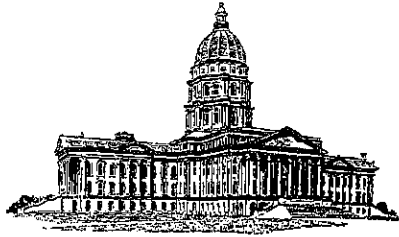


STATE OF KANSAS
HOUSE OF REPRESENTATIVES

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TOM PHILLIPS
67TH DISTRICT

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Testimony
House Committee on Taxation
HB 2477
February 10, 2016

Mr. Chairman and Committee Members

Good afternoon, I am appearing before the Committee today in support of HB 2477. The Riley County Board of County Commissioners asked me to assist in submitting a change in state law designed to help counties in collecting delinquent taxes on *real* property.

Current state law allows a County Treasurer to delay issuance of an application for registration of a vehicle until a receipt showing all *personal* property taxes for the vehicle have been paid. In accordance with state law, only one-half of the preceding year's tax is sufficient for issuing a vehicle registration.

HB 2477 would expand current law to include payment of delinquent *real* property taxes before issuance of a vehicle registration. The law exempts a homestead, so if an individual is late in paying their property taxes on their home, they can still be issued their vehicle registration.

The motivation of the law is to capture delinquent property taxes from businesses that are delaying the payment of their real property taxes on their business property. It is the judgment of the County Commission that a select few businesses are strategically delaying the payment of property taxes due to the low interest rate (currently set at 4% by state law) being charged by the County on unpaid taxes. The county's contention is some businesses are using the taxpayers via the County as a low-interest line of credit.

The current process for unpaid property taxes allows a business to go for three years before a county is authorized to proceed with foreclosure and sale of the property. To avoid foreclosure, a business in tax delinquency simply needs to pay the back taxes on the first year of the three-year period of unpaid taxes. The clock then starts ticking again and the unpaid balance is financed at a low-rate for another year.

While most likely a small percentage of individuals are utilizing this strategy, it creates an inequity for the vast majority of taxpayers paying their taxes on a timely basis in compliance with the intent of the law.

Thank you for your consideration of this important legislation.

A handwritten signature in black ink that reads "Tom Phillips". The signature is written in a cursive, slightly slanted style.

Tom Phillips