

February 5, 2015

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

Dear Representative KleeB:

SUBJECT: Fiscal Note for HB 2167 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2167 is respectfully submitted to your committee.

HB 2167 would increase the interest rate charged on all unpaid real property taxes by five percentage points above the standard annual rate published by the Internal Revenue Service.

Passage of HB 2167 has the potential to increase property tax revenues by charging a higher rate of interest on delinquent property taxes. Any local government that levies a property tax would receive more revenue. Revenue would also increase to the two state building funds, the Educational Building Fund and the State Institutions Building Fund. The bill would also increase the amount of property tax revenue that school districts would receive through the state's uniform mill levy. The Department of Revenue and the Kansas Association of Counties do not have data on the amount of additional interest that would be collected; therefore, a precise estimate of the amount of increase property tax revenue and its effect on local and state revenues cannot be estimated. However, the increase in property tax revenues from the higher interest rate is estimated to be negligible. Any fiscal effect associated with HB 2167 is not reflected in *The FY 2016 Governor's Budget Report*.

Sincerely,



Shawn Sullivan,
Director of the Budget

cc: Jack Smith, KDOR
Melissa Wangemann, KAC