

BEFORE THE HOUSE COMMITTEE ON TAXATION

Thursday, March 14, 2019

House Bill 2340

Testimony of Thomas Franzen, CTP, CPFO
Johnson County Treasurer & Finance Director

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to testify on behalf of Johnson County and the Kansas County Treasurers Association as a member of the Legislative Committee in opposition of HB 2340.

Johnson County and the Kansas County Treasurers Association do not support the passage of HB 2340. This bill would create a process whereby the County Treasurer may hold certain tax funds paid under protest from our distributions to the taxing authorities. We recognize that the new process implemented by this bill is at the option of each County. However, if this process was implemented in Johnson County, it would add additional complexity to the distribution process and it could negatively affect the cash flow and budgeting process of the state, county, schools and other taxing jurisdictions that we collect taxes on behalf of.

The new language in HB 2340 specifically identifies protests of the assessment of taxes on real property used for residential living as eligible to be held from distribution. In 2018, Johnson County received 1,266 tax payments under protest from our taxpayers and passage of this bill would require that additional administrative processes be created in the Treasurer's Office to track this data. The language of this bill is very ambiguous on how that process would work, and could lead to inconsistency in its implementation. It would also create the need to modify our existing distribution process which could be cost prohibitive and not practical given the volume of protests we receive.

The state, county, schools and other taxing jurisdictions would receive less property tax revenues under this bill. In Johnson County, we have 101 taxing authorities that receive tax revenues totaling approximately \$1.32 billion annually, and each authority would be affected adversely if we were to reduce their tax distributions on the grounds of these protests. These taxing authorities, including Johnson County, rely on these tax revenues for their daily cash flow and budgeting needs and this new process could delay those revenues for several months.

In summary, there are significant detrimental financial, administrative, and budgeting impacts to Johnson County under this proposed legislation and it is simply not practical. We ask for your support to not move this legislation forward from committee. Thank you for your consideration.