

February 17, 2020

The Honorable Steven Johnson, Chairperson
House Committee on Taxation
Statehouse, Room 185A-N
Topeka, Kansas 66612

Dear Representative Johnson:

SUBJECT: Fiscal Note for HB 2607 by House Committee on Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2607 is respectfully submitted to your committee.

Under current law, property taxes are required to be paid in full on December 20th of each year, or in equal payments on December 20th and on May 10th of the following year. HB 2607 would allow a board of county commissioners to establish a property tax installment payment plan for homestead property taxes beginning in tax year 2021. Property taxes under the property tax installment payment plan would be calculated by adding taxes levied on the homestead property in the preceding year, including any special assessments, and divided into 12 equal monthly payments or divided into four equal quarterly payments. The county treasurer would not be required to remind the taxpayer to make installment payments. The county treasurer could collect a fee of up to \$2.50 per monthly payment or \$5.00 per quarterly payment to offset the costs for administering the property tax installment payment plan. The taxpayer would be required to apply to the county treasurer by May 1st to participate in the property tax installment payment plan. The first monthly payment would be due on June 1st and the first quarterly payment would be due on July 1st. If the amount of property taxes collected in the installment payment plan is less than the actual amount of property taxes assessed for that property, then the remaining property taxes would be due by May 10th.

The Department of Revenue indicates that HB 2607 would have no fiscal effect on the amount of property taxes collected, but could affect the timing of when property tax revenues would be distributed. The bill would allow individuals to pay property taxes in smaller increments, which could have the potential to increase the amount of property taxes collected. The amount of increased property taxes could be offset by lower interest earnings from additional payments being made by the date the property taxes are due. The Kansas Association of Counties indicates

counties may incur additional expenditures if new procedures would need to be developed to accommodate the new payment schedule. However, the bill allows the county treasurer to charge an administrative fee to recover its administrative costs to set up an installment payment plan for the taxpayer. The Association does not know how many counties would opt in to allow monthly or quarterly payments of property taxes to make a precise estimate of the fiscal effect associated with HB 2607.

Sincerely,

A handwritten signature in cursive script that reads "L. L. Campbell". The signature is written in black ink and is positioned above the printed name and title.

Larry L. Campbell
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Trey Cocking, League of Municipalities
Jay Hall, Association of Counties
Dale Dennis, Education