

February 8, 2021

Representative Adam Smith
Chairman, House Taxation Committee
300 SW 10th St, Rm 185A-N
Topeka, KS 66612

Chairman Smith and Committee,

Issues with HB 2142 are many, but I will address four of the larger issues with the proposed legislation.

First, the bill requires property tax refunds be made to property owners that have been impacted by the COVID related shutdowns. However, the bill does not address in any way the fact that there are owners of commercial property that simply rent out space to businesses. Typically, rent includes compensation for property tax costs to the building owner. Under HB 2142, the owner of the building could simply pocket the refund and double dip by not refunding the businesses the proportionate refund received.

Second, the bill is written in a retroactive manner. That is very problematic for local governments as there is no allowance for budgeting or planning in advance. Budgets for the 2021 year have been set late in 2020, so if refunds are to be made, who gets cut? Unlike the State of Kansas, the local government fiscal year begins on January 1st. Local governments cannot spend more than the approved budget without having additional budget hearings to amend the budget, and even then the appropriate levies would be difficult to assess and collect to make up the required refunds in this bill as first half taxes were due in December. The 2020 budget year closed out the end of December.

Third, there are some businesses who have received Federal compensation aid. Would that be a part of the consideration for refunded property tax refunds? Local governments do not know who received payments and how much those payments were. I understand the desire to make businesses whole, but double dipping is again possible under this scenario.

Fourth, but certainly not last, is the issue of interest on property tax refunds according to KSA 79-2968. Would it be incumbent on local governments to include interest at the prescribed amount if HB 2142 becomes law? This seems punitive when the events are not due to negligence or oversight.

Obviously there are more issues that HB 2142 does not address. It seems to be an off-the-cuff solution to a complex set of circumstances. I would ask that HB 2142 NOT be passed. Also, the State should include their 1 ½ mils for property tax refund if the goal is to compensate businesses harmed by COVID.

Thank you for the opportunity to express my thoughts on HB 2142.

Sincerely,
Don Schroeder
Commissioner, Harvey County
620.727.7789
dnjschroeder@gmail.com