

March 24, 2022

The Honorable Caryn Tyson, Chairperson
Senate Committee on Assessment and Taxation
Statehouse, Room 548-S
Topeka, Kansas 66612

Dear Senator Tyson:

SUBJECT: Fiscal Note for SB 555 by Senate Committee on Assessment and Taxation

In accordance with KSA 75-3715a, the following fiscal note concerning SB 555 is respectfully submitted to your committee.

SB 555 would allow the proration of property taxes on certain personal property that is acquired or sold after January 1 and prior to September 1 of any taxable year based on the numbers of months the property was owned during the year. The proration of property taxes would be allowed beginning in tax year 2023.

The bill removes language that unpaid utility service fees or charges on property would be a lien on that property and placed on the tax rolls for collection. Language that the lien would not be attached to property for unpaid utility fees or charges when the utility service has been contracted for by a tenant and not by the landlord or owner of the property was removed. The bill removes the ability of cities or counties to collect annual fees for solid waste management and recycling with the annual property tax statement. The bill prohibits solid waste or recycling fees or charges on vacant lots or other vacant properties that do not have solid waste or recyclables.

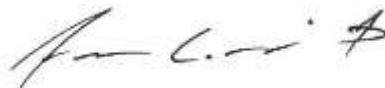
The Department of Revenue's Property Valuation Division has no method of determining what fiscal impact of proration may have, as an unknown amount of property will be both prorated on, and off the tax roll. Personal property includes property not included in any of the five specific constitutional subclasses categories and are appraised at market value and assessed at 30.0 percent. Categories include Aircraft, Drones, Hot Air Balloons, Golf Carts, ATVs, Snowmobiles, Off Road Motorcycles, RUVs, Motorized Bicycles (Mopeds), Truck Campers and Travel Trailers (Non-RV Titled), Tiny Homes, Shipping Containers, Utility Trailers (Non-Business), Truck Beds and Bodies (Non-Business), Commercial Machinery and Equipment that is no longer being "used," and Marine Equipment: Boat Motors and Boat Trailers (not included in Watercraft). The 2021

statewide total assessed value for other personal property was \$69,837,135, not including penalties. State property taxes on other personal property generated a total of \$9,772,727 in tax year 2021.

The Department indicates that it would be required to update guides and course material with the changes to the personal property assessment process; however, the costs to make these changes are estimated to be negligible and could be absorbed within existing resources. Discontinuing the collection of unpaid municipal utility fees using the property tax roll would have no fiscal effect on agency operations.

The League of Kansas Municipalities indicates the bill would likely reduce revenues for cities owning and operating a municipal utility by unknown amounts. By eliminating the ability to file a lien against the property for unpaid utilities, the bill would limit the recovery of outstanding utility debts. The Kansas Association of Counties indicates the bill has the potential to reduce local revenues by unknown amounts by preventing cities and counties from charging solid waste or recycling fees on vacant lots or other vacant properties that do not have solid waste and recyclables. Any fiscal effect associated with SB 555 is not reflected in *The FY 2023 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", with a stylized flourish at the end.

Adam Proffitt
Director of the Budget

cc: Lynn Robinson, Department of Revenue
Wendi Stark, League of Municipalities
Jay Hall, Association of Counties