

SESSION OF 2021

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2272

As Recommended by House Committee on
Taxation

Brief*

HB 2272 would require county treasurers, beginning July 1, 2021, to place in an escrow account the portion of property tax paid under protest that exceeds the previous year's taxes for certain residential and commercial properties. The requirement would apply to residential appeals involving an increase in tax liability of \$500 or more, and to certain commercial appeals involving an increase of \$5,000 or more. The prohibition specifically would not apply to protests involving newly constructed structures, unless the appraised value exceeds building permit costs by 115.0 percent or more.

County appraisers would be required to send county clerks certified lists of:

- All real properties whose owners are protesting valuation or assessment of property taxes that have not been resolved prior to June 1 of each year; and
- All real properties with appraised valuation of more than \$40,000 whose owners are seeking an exemption.

County clerks would be required to subsequently furnish the lists to all potentially affected taxing units prior to June 15 of each year, along with the assessed valuation of each parcel.

*Supplemental notes are prepared by the Legislative Research Department and do not express legislative intent. The supplemental note and fiscal note for this bill may be accessed on the Internet at <http://www.kslegislature.org>

County treasurers, prior to January 10 of each year, would also be required to provide those taxing units affected with lists of all real properties with tax dollars in escrow, as well as the assessed valuation of such properties and amount of funds being held.

Background

The bill was introduced by the House Committee on Taxation at the request of Representative Baker.

[*Note:* The bill contains provisions substantially similar to those of 2019 HB 2340, as recommended by the House Committee on Taxation.]

House Committee on Taxation

In the House Committee hearing, **proponent** testimony was provided by representatives of the Kansas Chamber of Commerce and the Kansas Agribusiness Retailers Association, Kansas Grain and Feed Association, and Renew Kansas Biofuels Association. Written-only **proponent** testimony was provided by representatives of the Kansas Association of Realtors and the Kansas Cooperative Council. Proponents noted the bill would strengthen citizens' ability to appeal property valuations, speed up the appeals process by incentivizing taxing authorities to find mutually agreeable solutions in a timely manner, and allow taxing authorities to more create more accurate budgets.

Opponent testimony was provided by a representative of the Kansas Association of Counties. Written-only **opponent** testimony was provided by the representatives of Johnson County and the Kansas County Treasurers Association. Opponents noted the bill would create substantial administrative challenges for taxing authorities and would hamper the ability of local governments to create budgets.

Neutral testimony was provided by a representative of the League of Kansas Municipalities, and written-only neutral testimony was provided by a representative of the City of Overland Park.

Fiscal Information

According to the fiscal note prepared by the Division of the Budget on the bill, if enacted, the bill would have no fiscal effect, but could have the potential to delay the distribution of property taxes collected from certain properties. Any fiscal effect associated with the bill is not reflected in *The FY 2022 Governor's Budget Report*.

Property taxation; appeals; properties under protest