

January 23, 2023

The Honorable Adam Smith, Chairperson
House Committee on Taxation
300 SW 10th Avenue, Room 346-S
Topeka, Kansas 66612

Dear Representative Smith:

SUBJECT: Fiscal Note for HB 2026 by Representative Ellis

In accordance with KSA 75-3715a, the following fiscal note concerning HB 2026 is respectfully submitted to your committee.

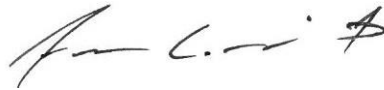
Under current law, when the Department of Revenue files a warrant for the failure to pay a tax owed to the State of Kansas, the delinquent taxpayer is responsible to file a release or satisfaction of judgement of the warrant with the courts and pay the court costs once the tax owed is paid, including any interest, penalties, and fees. HB 2026 would require the Department of Revenue to file a release of any warrant issued by Department, upon the taxpayer's full payment of the tax owed, including any interest, penalty, and fees required for filing the release or satisfaction of the warrant. The bill would become effective on July 1, 2023.

The Department of Revenue indicates that HB 2026 would have no impact on State General Fund receipts. The Department would be required to file the release or satisfaction of the warrant for between 35,000 to 50,000 taxpayers annually. The court costs to file the release or satisfaction of the warrant is approximately \$46. It is assumed that this fee will be added to the amount owed by the delinquent taxpayer. This new process has the potential to provide cost savings to the Department regarding the costs associated with printing and mailing 35,000 to 50,000 satisfactions of judgement annually and has the potential to significantly reduce the number of requests for duplicate satisfactions of judgement. The Department indicates that this proposal should streamline the process for the courts in that all filings would be done electronically, and fees collected and paid by the Department.

The Department indicates that the bill would require \$167,160 from the State General Fund in FY 2024 to implement the bill and to create a new collection, tracking, and payment processing system for filing all releases or satisfactions of the warrant issued. The bill would require the

Department to hire 1.00 new FTE position to manage this new process. The required programming for this bill by itself would be performed by existing staff of the Department of Revenue. In addition, if the combined effect of implementing this bill and other enacted legislation exceeds the Department's programming resources, or if the time for implementing the changes is too short, additional expenditures for outside contract programmer services beyond the Department's current budget may be required. Due to the concern of an implementation date being too short thereby requiring additional expenditures for outside contract programmer services, an effective date or implementation date of January 1, 2024, would minimize the necessity of the additional expense. Any fiscal effect associated with HB 2026 is not reflected in *The FY 2024 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
Jay Hall, Kansas Association of Counties