

SESSION OF 2016

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2546

As Recommended by House Committee on
Vision 2020

Brief*

HB 2546 would amend law to allow a county to establish a payment schedule for the payment of real and personal property taxes in four equal installments collected on or before December 20, February 10, April 10, and May 10. Any real property tax liability totaling \$10 or less would continue to be due on or before December 20, and the four equal installments option would not be available. The bill would specify any delinquent quarter payment would accrue interest at the same annual rate as currently prescribed for delinquent half payments and would allow the delinquent quarter payments to be made on or before May 10 by paying the delinquent amount plus interest calculated from the date of missed payment to the date of actual payment.

Background

Representative Sloan testified to the House Committee on Vision 2020 in favor of the bill, stating increases in property tax rates or valuations result in higher property tax bills. He stated, for those who have mortgages, the financial institution pays the bill from a proportionate amount paid by the mortgagees in the monthly mortgage payment. However, for those who do not have mortgages, the property tax bills arrive each year in December one week before the holidays and are to be paid in one or two payments. He further stated the quarterly payments would make payment easier for the taxpayer.

*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>

No opponent testimony was provided at the House Committee hearing.

Neutral testimony was provided at the House Committee hearing by a representative of the League of Kansas Municipalities, who stated the change in payment schedule could lead to cash flow issues for cities that count on the majority of tax payments being received on the traditional distribution dates and often debt service payments are tied to those dates. He also noted the change could result in budgeting difficulties and, while counties may opt out of the quarterly payments, cities have no such choice and are required to follow the lead of the county.

At the time of House Committee deliberation on the bill, information in opposition to the bill was provided by a representative of the Kansas County Treasurers Association, who also provided information in her role as Wabaunsee County Treasurer. The information provided noted most county treasurers have payment plan options available and indicated the bill would result in increased software costs and mailing expenses, a possible delay in the receipt of revenue, and confusion due to lack of uniformity in tax collections from county to county.

According to the fiscal note prepared by the Division of the Budget, the Department of Revenue indicates enactment of the bill 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 Kansas Association of Counties does not know how many counties would choose to allow quarterly payments of property taxes to make a precise estimate of the fiscal effect associated with the bill.