

January 17, 2023

The Honorable Caryn Tyson, Chairperson  
Senate Committee on Assessment and Taxation  
300 SW 10th Avenue, Room 548-S  
Topeka, Kansas 66612

Dear Senator Tyson:

**SUBJECT:** Fiscal Note for SB 8 by Senator Steffen

In accordance with KSA 75-3715a, the following fiscal note concerning SB 8 is respectfully submitted to your committee.

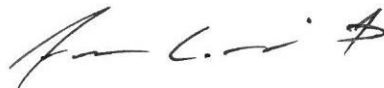
Under current law, the county appraiser will add 5.0 percent to the assessed value of the property as a penalty for the late payment of property taxes paid within the month that they are due with an additional 5.0 percent penalty for each additional month up to 25.0 percent in aggregate. SB 8 would reduce penalties for the late payment of property taxes to 2.0 percent of the assessed value of the property as a penalty for the late payment of property taxes paid within the month that they are due with an additional 2.0 percent penalty for each additional month up to 10.0 percent in aggregate. The bill reduces the penalty for escaped property taxes and for property taxpayers who fail to deliver a full and complete statement of assessment from 50.0 percent to 12.5 percent.

Passage of SB 8 would decrease property tax revenues by reducing the penalties on the late payment of property taxes and escaped property taxes. The state funds directly affected by this bill are the two building funds, the Educational Building Fund (EBF) and the State Institutions Building Fund (SIBF). The Department of Revenue estimates this bill would decrease revenues to these two funds by \$27,485 in FY 2024, with \$18,323 going to the EBF and \$9,162 going to the SIBF. The bill would decrease property tax revenues that school districts would receive through the state's uniform mill levy by \$366,468. The bill would also decrease revenues to any local government that levies a property tax. However, a specific estimate of lower local property tax revenues was not provided by the Department. The total personal property penalties assessed at the county level for the 2022 tax year totaled \$52,352,563. The Department's abstract reports only show the total penalty and lacks data to determine the penalty imposed at the various percentages of the assessed value. Based on an average decrease in the penalty rates of 65.0 percent, the total

penalty based on the 2022 tax year would be reduced by \$18,323,397. The Department indicates that the administrative costs associated with implementing the provisions of the bill would be negligible and could be absorbed within existing resources.

The League of Kansas Municipalities and Kansas Association of Counties indicate that the bill would provide a net decrease to local property tax collections that are used in part to finance local governments. However, the fiscal effect on cities and counties would vary based on where this specific type of property is located. Any fiscal effect associated with SB 8 is not reflected in *The FY 2024 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Proffitt", followed by a stylized flourish or symbol.

Adam Proffitt  
Director of the Budget

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