

BEFORE THE HOUSE COMMITTEE ON TAXATION

Tuesday, February 24, 2021

House Bill 2272

Testimony of Thomas Franzen, CTP, CPFO, Johnson County Treasurer

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to testify on behalf of Johnson County and the Kansas County Treasurers Association as a member of the Legislative Committee in opposition of HB 2272.

Johnson County and the Kansas County Treasurers Association do not support the passage of HB 2272. This bill would create a process whereby the County Treasurer would be required to hold certain tax funds paid under protest from our distributions to the taxing authorities in a trust account in escrow. If this legislation is passed, it would add significant complexity to the distribution process and would adversely affect the cash flow and budgeting process of all local government taxing authorities.

The language in HB 2272 requires the county treasurer to hold in escrow payments under protest of taxes on residential property taxes that increased \$500 or more from the previous year, and commercial property taxes that increased \$5,000 or more from the previous year. More than 12,000 parcels met that criteria in Johnson County in 2020 and accounted for approximately \$50 million in property taxes. In 2020, Johnson County received 1,440 tax payments under protest from our taxpayers and it would have required significant software enhancements to set those funds aside from the regular distribution process.

One of the primary roles of the county treasurer is to ensure the timely distribution of tax monies, and this legislation threatens the efficiency, transparency, and accuracy of that process. In Johnson County, we have 101 taxing authorities that receive tax revenues totaling approximately \$1.4 billion annually, and each authority, including school districts, would be adversely affected if we were to reduce their tax distributions on the grounds of these protests. These taxing authorities have budgeted for and rely on these tax revenues for their operational needs. This new process will delay receipt of those revenues for several months, or possibly years, depending on the utilization of all available appeal options for the taxpayer. The current distribution process is 100% transparent, and all tax dollars received in a specific collection period are remitted to the proper taxing authority. HB 2272 hinders that transparency greatly. Additionally, we understand this legislation has been requested due to one specific situation where a refund created disruption at the local government level regarding recoupment of funds distributed. We believe changing the tax distribution process to address this one specific instance does not make for good tax policy.

In summary, this legislation has detrimental financial, administrative, and budgeting impacts to Johnson County and is simply not practical. Passage of HB 2272 would be detrimental to local governments that rely on the timely receipts of property tax dollars. We ask for your support to not move this legislation out of your committee. Thank you for your consideration.