



Governor's Council on Tax Reform  
January 29, 2021  
SB 13 and Tax Policy

Kansas Association of Counties

Co-Chairs Lee and Morris, and members of the Council:

Thank you for allowing the Kansas Association of Counties to offer information concerning property tax, appraisals, partial tax payments and tax policy as it relates to SB 13 and Kansas counties.

The Kansas Association of Counties believes giving county treasurers the ability to accept partial payments for tax payments for both delinquent and non-delinquent taxes (Sec. 4 of the bill) is a positive both for taxing jurisdictions and for taxpayers. Current law allows for payment plans only for those who are delinquent. Allowing both delinquent and non-delinquent taxpayers to work with treasurers on payment plans is a positive step for all involved. The association and its member counties believe that this will give both taxpayers and counties important flexibility in these situations.

KAC presented neutral testimony on the portion of the bill addressing appraisals and routine maintenance to the tax committees (Sec. 2 of the bill). KAC is concerned, however, that appraisals are being linked to tax policy. These two items are properly separated. Under the Kansas constitution appraisals are required to be at a fair market value. Linking this to tax policy and local budgets could inadvertently link property tax policy with valuations. This would be inappropriate. Valuations should be determined separate of any policy discussion.

Property tax policy is very important to the Kansas Association of Counties and its member counties because county governments derive a large portion of their revenue from property tax in order to fulfill state mandated duties at the local level. This is largely because other revenue streams, such as LAVTR, CCRS, fees like mortgage registration, and taxes on machinery and gas have either decreased or been flattened by state law, causing a disproportionate reliance on property tax, particularly in counties without a large retail presence.

Counties perform a variety of administrative functions for the state, including, but not limited to real and personal property tax collection, election administration, and deed registration. In addition, counties provide local functions such as vaccine administration, road and bridge maintenance, public safety and other local services.

The Kansas Association of Counties and its member counties support governmental transparency. To that end, counties hold budget hearings each year. As with all county commission meetings, these meetings have always been open to the public. If taxpayers have questions or opposition to budget items, this is the appropriate forum to voice those issues. In many counties, this is a weeks or months long process spanning across multiple meetings and listening sessions as the budget is formed. Many counties will begin this process in just a few short weeks.

All taxpayers in Kansas receive a property valuation statement each spring. Those valuation statements are required to be mailed by March 1 for real property and May 1 for personal property. These statements contain the annual valuation for the property specified. If a taxpayer believes this valuation is incorrect, they may appeal that valuation at the local level. The majority of these tax appeals are solved at the local level in meetings with the county or district appraiser. These statements do not contain the tax for the property because the appraiser's duty is not to determine taxation, but rather the property value.

Independent of the valuation statement, taxpayers receive their tax statement, which indicates the taxes on their property, based on the valuation they received earlier in the year (or the new valuation based on appeal) and the current year's mill levy. These statements are required to be mailed by December 15. It is important to note that the tax statement is simply a mathematical calculation. It takes the valuation and multiplies it by the mill levy, which is set based on the budget of local governments.

Most county clerks in Kansas are responsible for administering elections (with the exception of Johnson, Sedgwick, Shawnee and Wyandotte county). As a result, the workload for county clerks in most Kansas counties (except those with an appointed election commissioner) is highest during the voting periods around primary and general elections in late July/early August and late October/early November and the certification period following each election. The requirements of this bill will fall within those time frames as well.

It should also be noted that much of the production of tax statements and other information is an automated process. Currently, this bill's requirements would take effect for this year, as the effective date is January 1, 2021. Given that 2021 budgets are already set, county governments may not be in a position to work with software providers to adapt software as necessary to perform the requirements in this bill. A later implementation date would be prudent to allow for whatever software upgrades and changes may be necessary. To that end, KAC has requested an amendment that would change the implementation from "2021" to "2022" in four places:

- Pg. 4, line 7
- Pg 6, line 5
- Pg 6, line 10
- Pg 6, line 24

This change implements the other sections of the bill immediately, while delaying the Truth in Taxation portion until 2022. It also does not repeal the Tax Lid until 2022. This allows county clerks the opportunity to prepare their systems for the requirements of the new notices. It is unclear how county clerks would implement this bill in calendar year 2021 if required to do so.

Thank you for the opportunity to provide this information to the committee. KAC stands ready to answer questions at the appropriate time.

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