

**City Hall**  
**8500 Santa Fe Drive**  
**Overland Park, Kansas 66212**  
**[www.opkansas.org](http://www.opkansas.org)**

Date: March 14, 2019  
To: House Committee on Taxation  
From: City of Overland Park  
Re: Written Testimony in Opposition to HB 2340

Thank you for allowing the City of Overland Park to submit testimony in opposition to HB 2340. Current law permits a couple limited exceptions to the rule that property taxes paid under protest be distributed to their appropriate jurisdictions. This legislation would expand that limited exception to the majority of properties in the state, creating issues for local governments trying to budget for the needs of their communities.

The current exception allows oil, gas, and personal property taxes paid under protest to be withheld until final appeal. This law was adopted as floor amendment in the House in 2004 without ever receiving a Committee hearing, ended up in a Conference Committee Report, and was later signed into law. Although we think the practice of withholding taxes paid under protest is not the best public policy, the small scope of the current exception makes budgeting manageable for municipalities.

For example, in Johnson County Personal Property accounts for only 0.09% of the County's total assessed valuation, and Oil and Gas accounts for only 0.01%. In comparison, Residential property accounts for over 65% of the County's total valuation, and Commercial property accounts for 31% of the County's total valuation. Cities rely on assessed valuation estimates to budget for public services, and expanding the scope of the distribution withholding exception to 96% of the increase in appraised value of the County's property, could make budgeting decisions much more difficult. We fully understand that it is unlikely that all residential and commercial properties would protest in any given fiscal year, but even if 5% or 10% of all of those properties protested, it could create a significant impact in the City's annual operating budget until those protests were resolved.

In addition, allowing the largest portion of property taxes paid under protest to be withheld until the appeal is final means local jurisdictions may not see large portions of revenue for years after they are due. Property taxes paid under protest, are first reviewed by the county appraiser, then can be appealed to the State Board of Tax Appeals, and then appealed again to the courts. Making cities wait years for money's they may be entitled to is unfair to jurisdictions trying to plan for their community's needs.

Thank you for allowing the City to testify on this legislation. We respectfully request that the Committee not advance HB 2340 to the full House for approval.