

SESSION OF 2015

SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2167

As Recommended by House Committee on
Taxation

Brief*

HB 2167 would raise the interest rate for delinquent real property taxes by five percent. Current law provides that the interest rate for delinquent property taxes is established at a foundation rate developed in KSA 79-2968 (a federally determined underpayment rate plus one percent). The bill would raise the interest rate to the foundation rate plus an additional five percent.

Background

Proponents, who included representatives of the Unified Government of Wyandotte County and Kansas City, Kansas, the Kansas Association of Counties, the League of Kansas Municipalities, and the City of Topeka, said that for many years, the delinquent property tax interest rate had been the foundation rate plus two percent before the additional two percent was repealed in 2014 legislation dealing with the Board of Tax Appeals. The proponents further stated that higher rates again were necessary to restore the incentive for taxpayers to make timely property tax payments.

The fiscal note prepared by the Division of the Budget indicated an undetermined amount of additional revenue could be provided relative to the 21.5 mills in state property tax levies to the extent that the property tax delinquency rate were to decline. But the fiscal note also observed that most county treasurers deposit the entire amount of interest collected on delinquent taxes into county general funds.

*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> .