

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. NO.: 4095-06
BILL NO.: HCS for SB 894
SUBJECT: County Officials: Property, Real and Personal
TYPE: Original
DATE: May 1, 2000

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON STATE FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2001 | FY 2002 | FY 2003 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> State Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2001 | FY 2002 | FY 2003 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|-----------------------|---------------------------|---------------------------|
| FUND AFFECTED | FY 2001 | FY 2002 | FY 2003 |
| Local Government | Up to \$75,000 | Up to \$24,741,000 | Up to \$24,741,000 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

FISCAL ANALYSIS

ASSUMPTION

County Assessor Mileage Reimbursement Rate - Section 53.135

Oversight assumes there would be an increase in mileage reimbursement rates for assessors where if the highest reimbursement rate paid county officers exceeded fifteen cents per mile. Oversight cannot say what the fiscal impact to any specific third or fourth class county would be and assumes the overall fiscal impact would be an unknown increase in costs to counties.

Discharge of Special Tax Bills - Section 67.410

Provisions allowing St. Louis and Kansas City to, by ordinance, waive special tax bills associated abatements of public nuisances could have a direct fiscal impact, but that impact would be a result of actions of city government.

Allowing Trash to be Declared a Nuisance - Section 71.285

Department of Natural Resources officials stated that the department does not anticipate a significant amount of additional trash going to landfills as a result of the proposed legislation. Officials estimate that most of the trash that could be removed as a result of the trash control ordinances being enforced would have eventually been disposed of at landfills anyway, so there would be no fiscal impact to the department from this proposal.

However, if this proposal does result in additional trash being disposed of in the landfills, that waste would be subject to a tonnage fee. The current rate per ton at landfills and transfer stations is \$1.85. The current rate at demolition landfills is \$1.23.

Unauthorized Dumping and Littering - Section 82.300

Officials of the **Kansas City Manager's Office** stated that they project fifty (50) prosecutions per year with a mature program. With the maximum penalty, the additional revenue to the City would be \$25,000 (50 times \$500). Over the years, the result of a successful program will be an ultimate decrease in dumping and a concomitant decrease in prosecutions and therefore revenue.

Oversight will show an increase in revenue due to the increase in allowed fines from \$500 to \$1000. According to Kansas City officials the increase in fine revenue would be approximately \$25,000. Oversight will show fiscal impact as \$0 to \$25,000 because a decrease in fine revenue is expected in following years.

ASSUMPTION (continued)

Alternative Property Tax Levies in Kansas City - Section 92.031

The Kansas City debt service levy is \$.14 per \$100 assessed valuation, the Kansas City health levy is \$.49, the Kansas City museum levy is \$.02, and the total Kansas City property tax levy is \$1.32. The total statutory levy ceiling is \$1.50. If Kansas City elected to do so, it could impose, under the proposed section 92.031, an annual debt service levy and an annual levy for capital improvements and operating expenses for hospital, public health, recreation grounds and museum purposes independent of the taxes for capital improvements, public health, hospital, recreation and museum purposes authorized in 92.030. If Kansas City made this election then the limits on individual and total annual tax rate levies in subdivisions (1), (2) and (3) of subdivision 92.030.2 would not apply. Kansas City could, with voter approval, raise the tax levy for capital improvements and operating expenses for hospital, public health, recreation grounds and museum purposes from current rates to a rate not to exceed \$1.00 per \$100 assessed value. Currently, the tax levies for the purposes specified is \$.51. An increase to \$1.00 for these purposes would raise about \$24,666,000. However, the increase would not have to be for the full amount and any increase in the levy would have to be approved by the voters of Kansas City.

Reduction in Size of Planned Industrial Expansion Authorities - Section 100.331

Oversight assumes that reducing the size of planned industrial expansion authorities would not have any direct fiscal impact on political subdivisions.

Payment of Assessment Costs - Section 137.721

Oversight assumes that the proposal would not affect the total amount of property tax collected in any affected county. Affected county collectors would retain more money than under current law.

Payments for Delinquent Property Taxes - Sections 139.053 and 140.160

Officials of the **State Tax Commission** and the **Department of Economic Development - Division of Finance** stated that the proposal would not affect their agencies or any source of state funds.

Allowing Clay and Buchanan Counties to Establish Land Trusts - Section 141.220

Officials of the **State Tax Commission** stated, in a response to a similar proposal, that the proposal would have no direct fiscal impact on their agency or on state funds.

ASSUMPTION (continued)

Provisions Relating to Delinquent Tax Sales and Court Administrators' Deeds - Sections 141.540, 141.550 and 141.610

Oversight assumes that setting a time (10:00 a.m.) for sales of land with tax liens, requiring that bidders at such sales meet certain criteria, and allowing court administrators' deeds (as well as sheriffs' deeds) to be proof that all required actions have been taken under terms of the land tax collection law would not have any direct fiscal impact on political subdivisions.

Solid Waste and Yard Waste - Section 260.210

Officials of the **Department of Natural Resources** note that the tonnage fee for solid waste delivered to demolition landfills is \$1.23 and the fee for yard waste delivered to landfills and transfer stations is \$1.85. They do not expect enough "diverted" tonnage due to the proposal to cause significant fiscal impact.

Officials of the **City of Kansas City** stated that the city would save \$50,000 because the city would not have to either separate waste or deliver the unseparated waste to another state.

| <u>FISCAL IMPACT - State Government</u> | FY 2001 (10 Mo.) | FY 2002 | FY 2003 |
|---|------------------------------|--------------------------------------|--------------------------------------|
| | \$0 | \$0 | \$0 |
| <u>FISCAL IMPACT - Local Government</u> | FY 2001 (10 Mo.) | FY 2002 | FY 2003 |
| POLITICAL SUBDIVISIONS | | | |
| <u>Income</u> to Kansas City - Increased Levies | \$0 | \$0 to \$24,666,000 | \$0 to \$24,666,000 |
| <u>Income</u> to Kansas City - Increased Fines | \$0 to \$25,000 | \$0 to \$25,000 | \$0 to \$25,000 |
| <u>Savings</u> to Kansas City - Reduced Cost for Handling Yard Waste | \$50,000 | \$50,000 | \$50,000 |
| <u>Cost</u> to Counties - Assessor Mileage Reimbursements | (Unknown) | (Unknown) | (Unknown) |
| ESTIMATED NET EFFECT ON POLITICAL SUBDIVISIONS | <u>Up to \$75,000</u> | <u>Up to \$24,741,000</u> | <u>Up to \$24,741,000</u> |

FISCAL IMPACT - Small Business

Small businesses located in Clay and Buchanan counties and Kansas City which pay property taxes could be affected by this proposal.

DESCRIPTION

This proposal would:

- 1) allow Clay and Buchanan counties to establish land trusts to administer the management, sale, and disposition of tax-delinquent lands;
- 2) allow certain cities to discharge special tax bills related to the demolition of nuisance properties;
- 3) reduce the size of planned industrial expansion authority commissions;
- 4) set standards for prospective purchasers of property at delinquent tax sales, and allow court administrators' as well as sheriffs' deeds to be accepted as proof that all activities required to take liens on land under terms of the land collection law have been properly executed;
- 5) increase travel reimbursement for assessors in third and fourth classification counties from 15 cents per mile to the same reimbursement paid to other county officials and eliminate the reimbursement cap of \$2,250 per year;
- 6) allow municipalities to declare trash accumulated in violation of ordinances a nuisance and, after proper notice, to order property owners to remove the trash (Current law covers weeds, only);
- 7) allow Kansas City to enact ordinances against illegal and unauthorized dumping and littering and to punish violations by a fine up to \$1,000 or imprisonment up to 12 months, or both;
- 8) allow the voters of Kansas City to approve a levy for capital improvements and operating expenses for hospital, public health, recreation grounds and museum purposes of up to \$1.00;
- 9) allow county collectors to apply real property tax payments to delinquencies tax on the parcels in question before applying the payment to current taxes. However, payments of real property taxes by financial institutions from escrow accounts would be applied to current taxes. (Under current law real and personal property tax payments must be applied to delinquent taxes before

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DESCRIPTION (continued)

being applied to current taxes due.);

10) make an exception to the three-year statute of limitations on proceedings to collect delinquent property taxes. The three-year period would not begin tolling on property which had been tax-exempt and became taxable until the revised title for the land was recorded in the office of the Recorder of Deeds; and

11) allow solid waste disposal areas and processing waste facilities serving Kansas City to accept yard waste commingled with solid waste resulting from illegal dump cleanup activities or programs conducted by the Kansas City government under terms of this proposal.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space. This proposal would not affect Total State Revenue.

SOURCES OF INFORMATION

Department of Economic Development - Division of Finance
Department of Natural Resources
State Tax Commission
City of Kansas City



Jeanne Jarrett, CPA
Director
May 1, 2000