

SESSION OF 2010

**SUPPLEMENTAL NOTE ON HOUSE BILL NO. 2578**

As Amended by House Committee on  
Taxation

**Brief\***

HB 2578, as amended, would authorize counties paying large property tax refunds relative to a single property whose value exceeds five percent of the total countywide tax base to request a loan from the Pooled Money Investment Board (PMIB) to assist in the payment of such refunds. The loans would bear interest equivalent to the PMIB investment portfolio earnings rate at the time of the loans; could not exceed an aggregate of \$50 million statewide; and would be required to be repaid within four years. Participating counties would be required to make equal annual tax levies sufficient to pay the loans within the four year period.

A separate statute providing a cap relative to the total amount of PMIB investments available for legislative mandates would be amended to change the current limitation from the lesser of 10 percent or \$140 million of state moneys invested to the greater of 10 percent or \$140 million of state moneys invested.

**Background**

Proponents, who included Rep. Jeff King and various conferees from Montgomery County, noted that an ongoing property tax case regarding the definition of commercial and industrial machinery and equipment involves more than 10 percent of that county's tax base; and that should the county lose such a major case, the PMIB loan mechanism would be

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\*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>

more cost-effective and less of a shock to taxpayers who are not exempt than the no-fund warrant procedure available under current law.

The majority of amendments adopted by the House Taxation Committee were suggested by Representative King after Committee discussion. The amendment to the overall cap on PMIB investments available for legislative mandates was offered by Representative Schwartz.

According to the fiscal note, the bill is not expected to have any fiscal impact on state revenues.