

**House Committee on Taxation
In Opposition to House Bill 2609- Modifications to Property Tax
Public Vote Requirement
Presented by Eric Stafford, Vice President of Government Affairs**



Thursday, March 10, 2016

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to testify in opposition to House Bill 2609 which significantly weakens the public vote requirement on property tax increases passed by the legislature in 2015.

As part of the final tax plan last year, the legislature adopted policy prohibiting cities and counties from increasing property tax revenues over the previous year in excess the rate of inflation. In order to keep this piece as part of the final tax plan, numerous exemptions to increases in the amount of property taxes collected were added to the bill. The effective date was also pushed back to 2018. HB 2609 goes even further by adding four new exemptions to statute, granting local governments even more power to collect property tax revenue greater than the rate of inflation.

For example in section (g), a new exemption is made for employer contributions for social security, workers compensation, unemployment insurance, health care costs and employee retirement and pension programs. This is simply the cost of doing business and employing individuals to provide necessary services to the taxpayer. An equivalent policy decision would be allowing private sector businesses the ability to deduct these costs from their property tax liability.

HB 2609 essentially eliminates the public vote requirement all together. First, a road block is put in place to require a petition of 10% of the voters in order for the public vote to occur. Additionally, on page 2, new subsection (4) grants cities and counties the opportunity to use home rule powers to exempt themselves from subsection (g) which is the public vote (and proposed petition) requirement.

In our 2015 Business Leader's Poll of 300 randomly selected businesses from across the state, 85% of respondents supported a vote of the people if property taxes are to increase more than inflation. When asked whether the public vote requirement should start today instead of 2018 as passed by the legislature, 72% expressed support making this law effective immediately, while only 8% supported holding off until 2018.

HB 2609 moves in the complete opposite direction from what the business community desires, which is a voice when local units of government attempt to increase property taxes higher than the rate of inflation. We respectfully ask for your opposition to House Bill 2609 and I am happy to answer any questions.



The Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium and large employers all across Kansas.