

BEFORE THE SENATE COMMITTEE ON ASSESSMENT AND TAXATION

Tuesday, March 17, 2015

Senate Bill 259

Testimony of Thomas Franzen, CTP, CPFO
Johnson County Treasurer & Finance Director

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to provide written testimony to the Committee this morning in opposition to Senate Bill 259.

Senate Bill 259 increases the minimum amount of property tax charged on motorcycles and motor vehicles, changes the depreciation schedule on vehicles from a flat rate to a prorated schedule, adds a declining assessment rate for valuation of vehicles, and gradually adds back the school general mill levy rate to the average county mill levy over a five year period. This bill ultimately decreases the assessed valuation of vehicles, presumably to decrease property taxes in order to increase vehicle sales. The direct outcome of this bill is a decrease in local government property tax collections. The bill also places a higher tax burden on owners with older vehicles.

Based on the projected impact of Senate Bill 259, Johnson County estimates a direct loss to the County of over \$19 million in vehicle property tax over the next five years. In addition, we estimate all taxing jurisdictions (cities, school districts, fire districts, etc.) in Johnson County to lose in aggregate over \$52 million in vehicle property tax from the impact of Senate Bill 259.

This bill appears to be the same proposal as Senate Bill 181 proposed during the 2013 Legislative session. Per the fiscal note associated with that bill, the State Budget Director noted the bill had *"the potential to provide a negligible increase in new and used car sales by reducing the costs associated with owning a newer vehicle."* Johnson County is unaware of any data supporting a corresponding increase in vehicle sales to offset lost property tax revenue.

If you have any questions regarding the possible impact of Senate Bill 259 to Johnson County Government, please don't hesitate to contact me at (913) 715-0541 or thomas.franzen@jocogov.org.

Again, I'd like to thank the Senate Committee on Assessment and Taxation for the opportunity to provide testimony on this important issue. Given the significant negative financial impact to Johnson County, I ask the Committee to oppose advancing this bill.