TESTIMONY OF THE KANSAS ASSOCIATION OF COUNTIES
ON SB 316
MARCH 9, 2016

Chairman Donovan and Members of the Senate Committee:

Thank you for the opportunity to submit testimony in opposition to SB 316. As you know, the Senate passed a tax lid affecting cities and counties after a floor amendment was passed on June 2, 2015 as part of the tax package intended to balance the state budget. The Senate tax lid goes further than past tax lids implemented in the State of Kansas, as other tax lids at least provided exemptions from the tax lid. The senate version contained no exceptions, and it was the House that offered exemptions that ultimately became part of the law.

SB 316 seeks to eliminate exemptions from the tax lid that are outlined in (g)(2)(A), including exceptions from the tax lid for new infrastructure or improvements, increases in road construction costs, judgments and legal expenses, and expenses required by state and federal mandates. Section (g)(2)(C) is also cut in SB 316, a provision lifting the tax lid if the tax increase would fall below the CPI but for the loss of valuation resulting from legislative, judicial or BOTA actions. SB 316 makes the current tax lid more draconian, leaving very little wiggle room for cities and counties to work under the tax lid.

The Kansas Association of Realtors will likely testify that there has been a 119% increase in property taxes since 1997. While gross numbers from 1997 to 2014 for counties and first-class cities support this conclusion, these numbers do not take into account smaller jurisdictions or increases in valuation or new construction. Luke Bell's analysis starts with 1997 and intentionally picks up the end of the tax lid and the end of demand transfers in order to exaggerate his numbers.[i] His averaging from that time period fails to show the ups and downs during that time period. After coming out from under the lid, there was a significant growth in the property tax rate; although the real reason is not known, one can assume that counties were playing catch-up on county needs that were ignored during the tax lid era. In 2000, the property tax growth was 7.07%, and in 2001 it was 11.00%, but by 2002 the rate had dropped to 4.38%.[ii] More interesting, in the last five years the rate of growth has been: .67% (2010), 3.82% (2011), 2.59% (2012), 3.37% (2013), and 3.28% (2014).[iii]

The Kansas Association of Realtors portrays this legislation as an opportunity for the public to vote on tax increases. The KAR's argument for a public election is belied by a process outlined in the law that does not allow for an actual election. Changing one date—the budget certification date—in SB 316, does not fix the logistical issues associated with this legislation. Proponents of this legislation compare it to local-option-budget elections for schools. However, one should note that schools get 20 mills in property taxes from the state, whereas cities and counties receive very little, if any, state support at this point in time. The comparison to an election on sales tax is not sound either, given that local governments currently can use property taxes to meet budgetary needs if the election on sales tax fails. We would note that sales tax increases for the State do not go to an election.

Requiring a city or county to have an election on the tax lid misses the point that city and county officials are *elected* officials. The people of the community have already held an election to provide their input on the budget process: they elected their city and county officials to make those hard decisions. Kansans support smaller government and believe the government closest to the people is the best. Citizens want decisions made at the local level, not by the federal government or the state government.

Thank you for your consideration of our testimony, and we ask that you hold the bill in committee and not pass it out.

Dan Woydziak, President
KAC Governing Board

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[i] The property tax lid was lifted in 1999, LAVTR and CCRS demand transfers ended in 2004.
[ii] Kansas Association of Counties, Dennis Kriesel, Director of Operations and Financial Services, 2015. Research based on county tax levy sheets.
[iii] Id.