



Testimony

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Property Tax Lid SB 316

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Senate Assessment and Taxation Committee**

The Unified Government of Wyandotte County/Kansas City opposes SB 316. The measure is unworkable and unnecessary. It also violates the spirit of local control and small government.

The Unified Government of Wyandotte County/Kansas City was consistently lowering property taxes until the Great Recession and a series of damaging actions by the Kansas Legislature. From 1997-2006, the Unified Government dropped the city-county mill levy 26%... from 97 to 70 mills. It's now at 82 mills, still 16% less than a decade and a half ago.

The fact is, the Kansas Legislature is the biggest reason property taxes at the local government level have increased. Decisions made by the Kansas Legislature have slashed hundreds of millions of dollars in promised local government funding and significantly eroded the Wyandotte County tax base.

2015 Revenue Losses to the Unified Government as a result of action by the Kansas Legislature

➤ **Elimination of the Mortgage Registration Fee**

The Kansas Legislature, pressured by community bankers and realtors, eliminated a fee which has been in place since 1925, shifting a financial cost from banks and homebuyers who take out mortgages, to all property taxpayers.

Effect: The Unified Government is losing an estimated \$2-million a year.

➤ **Repeal of the Machinery and Equipment Tax**

In 2006, the Kansas Legislature repealed the property tax on commercial and industrial machinery and equipment.

Effect: The Unified Government is losing \$11.3-million a year in revenue because of this action. Since 2006, Wyandotte County has lost \$137-million in assessed value from machinery and equipment. The decision to eliminate the machinery and equipment tax, while positive for business, continues to take a devastating toll on Unified Government revenues.

➤ **Suspension of Local Ad Valorem Tax Reduction Fund**

The Kansas Legislature cancelled this longtime partnership between the State of Kansas and local governments in 2003. The program had been in place since 1937 and provided a dollar for dollar reduction in property tax revenues.

Effect: Cancellation of this revenue sharing program continues to cost the Unified Government more than \$3-million a year in what had been steady, reliable funding intended to reduce local property taxes. The

cumulative impact of the Kansas Legislature not funding the LAVTR program has cost the Unified Government at least \$40-million in revenue.

➤ **Suspension of City-County Revenue Sharing**

The City-County Revenue Sharing Program is another partnership which was ended by the Kansas Legislature in 2003.

Effect: The Unified Government received \$1,699,607 in 2000; \$1,694,217 in 2001; and \$821,888 in 2002. The Unified Government has received zero revenue sharing dollars since 2003. Statewide local governments have lost more than \$2-billion because the Kansas Legislature is not funding demand transfers.

➤ **Reduction of Delinquent Tax Interest**

As part of a sweeping overhaul of the property tax appraisal system, the Kansas Legislature reduced by two percent the amount of penalty interest local governments can charge people who don't pay their taxes on time.

Effect: The Unified Government collects about \$1.8-million a year in delinquent tax interest. The reduction in penalty interest is costing the Unified Government as much \$300,000 a year and encourages the non-payment of property taxes in the future.

If you add up the cost of all those broken promises and punitive actions, it totals more than \$18-million a year in lost revenue for the Unified Government. In Wyandotte County, one mill of property tax levy equals about \$1-million on tax revenue. That means had the Kansas Legislature not taken the actions it has taken over the past decade, the property tax mill levy in Wyandotte County and Kansas City could be lowered by 18-mills.

The Kansas Legislature is the biggest contributor to increased property taxes and the property tax lid is not needed.