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Testimony on Senate Bill 196
 Senate Committee on Assessment and Taxation

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 City of Russell, Kansas

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Chairman Tyson and Members of the Committee:

Today, I stand before you as a steadfast proponent for funding the Local Ad Valorem Property Tax Reduction Fund (LAVTR), whose very name eloquently signifies its noble purpose: to alleviate local ad valorem taxes. Our city, Russell, is a testament to prudent fiscal management, consistently aligning its decisions with the community's values and needs. As the table below highlights, our effective and efficient use of resources, including strategic staff realignment and a relentless pursuit of cost-effective solutions.

Budget Year	City Levy	Library Levy	RRC Levy	Total Levy	City Valuation	City Property Tax Revenue*
2014	56.234	4.410	3.393	64.037	\$28,677,204	\$1,612,634
2015	54.759	4.499	3.988	63.246	\$29,092,064	\$1,593,052
2016	54.833	4.448	3.806	63.087	\$29,587,263	\$1,622,358
2017	54.568	4.437	3.922	62.927	\$29,567,263	\$1,613,426
2018	54.421	4.536	3.852	62.809	\$29,516,216	\$1,606,302
2019	54.193	4.639	3.789	62.621	\$29,487,678	\$1,598,026
2020	53.747	4.749	3.991	62.487	\$29,962,691	\$1,610,405
2021	53.588	4.764	3.991	62.343	\$28,121,711	\$1,506,986
2022	53.107	5.088	3.989	62.184	\$27,308,304	\$1,450,262
2023	53.911	4.259	4.000	62.170	\$32,951,842	\$1,776,467
2024	53.588*	4.262	4.000	61.850	\$35,218,157	\$1,887,271

In 2014, our property tax revenue was \$1,612,634; by 2023, this figure had modestly risen to \$1,776,467 - a mere 9.2% increase over a decade, which pales in comparison to a cumulative inflation rate of 27.90%. If Russell only kept up with the inflation rate during the same period, we would have had to raise \$2,062,499 in property taxes to have the same purchasing power as in 2014. As you can see, we were well below that amount.

It is crucial to acknowledge the major challenges the city has faced to keep property taxes down over the past decade. Notable is the 2006 legislature's decision to exempt machinery and equipment from taxation, significantly impacting local budgets across Kansas. This exemption was intended to be offset by the funding of LAVTR to alleviate the financial strain on local governments. Regrettably, this funding through LAVTR did not transpire as anticipated, leaving communities like ours to grapple with the resulting fiscal challenges.

Despite these challenges and our continual efforts to lower the mill levy annually, property taxes remain a substantial burden for many citizens. LAVTR stands as a tangible, practical solution to provide much-needed relief. In the 1990s, LAVTR funds were approximately equivalent to 1-2 mills for Russell. If LAVTR is funded, estimates indicate that Russell County would receive approximately \$300,000 in LAVTR funds. That amount would be split with cities within the county. As this program has not been funded in twenty years, the exact amount each city would receive is unknown. However, if it is similar to how sales tax is distributed, the City of Russell would see revenue equal to 3-4 mills. Our record of conservative spending and diligent financial planning strongly supports the argument that LAVTR funding will be wisely and effectively utilized.

The 2022 fiscal note of House Bill 2606, prepared by the Kansas Department of Budget, indicates that funding LAVTR, CCRS, and SCCHF would reduce State General Fund revenues by \$235.2 million. This investment is modest when weighed against the potential benefits it holds. Cities like Russell, predominantly driven by agriculture and oil production, are vital to the state's economy. For instance, Purefield Ingredients, the largest producer of wheat gluten in North America that purchases 23,000,000 bushels of grain from Kansas farmers, a major player in our local economy, is planning a \$300 million investment to double their wheat gluten production, a move that will significantly boost the local and state economies.

In the face of opposition who claim that local officials are fabricating narratives to acquire more taxpayer money, I stand firm in our commitment to transparency and accountability. Our budgetary process is a beacon of democratic engagement, with extensive public deliberations and hearings. We ensure our financial transparency through monthly financial reports accessible to all residents.

In conclusion, funding LAVTR is not merely an opportunity but a fiscal responsibility to lower property tax. With a budget surplus, now is the opportune time for the legislature to take decisive action in favor of the people of Kansas. This decision will echo positively across communities, underlining our collective dedication to fiscal responsibility and the welfare of our citizens.

I thank you for considering this vital funding essential for the prosperity and well-being of our communities and ask that you vote in support of SB 196.