



**Oral Neutral Testimony on**

**HB 2011**

**By**

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Mr. Chair and Members of the Committee,

KASB appears today as neutral on HB 2011. School boards across Kansas urge the committee, through KASB's member-adopted legislative priorities, to ensure adequate and equitable funding of public schools through sound tax policy. To that end, KASB's members "urge caution and due deliberation in the consideration of tax policy" and ask for your support of these policy goals:

The state should strive to achieve from the major revenue sources, sales, income and property taxes, a balanced and equitable mix of revenues that are suitable to support public services, including funding for quality education. Taxes should be broadly based to ensure all Kansans share fairly in the cost of public services.

Tax policy must provide sustainable and reliable funding for public schools; property tax relief efforts must not imperil school funding. **Any reduction in the statewide mill levy for K-12 schools must be offset by other state funds.** [emphasis added]

Kansas Association of School Boards

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HB 2011 would lower the statewide mill levy for schools from 20 mills to 18.5 mills for the 2025-2026 school year. It would then permanently freeze the amount of revenue generated by the statewide mill levy in each school district at the dollar amount generated in the 2025-2026 school year while allowing the mill levy to fluctuate down or up (depending on whether local property valuations rise or fall) to generate that flat amount of revenue.

HB 2011 would provide property tax relief, which is an important policy goal. Our concern remains that reducing the property tax revenue generated by the statewide levy for schools reduces the amount of money in the state school district finance fund. That fund is the first pot of money that the Legislature looks to when it passes the K-12 education budget; less money in that fund means more money must be committed from the state general fund to fully fund the school finance formula. KASB shares our concern with the committee to highlight that providing this property tax relief will require a continuing commitment by the Legislature to backfill revenue from the SGF to maintain the Legislature's commitment to fully fund the general state aid for our public schools (the BASE state aid, as agreed to in the Gannon case). We encourage the committee to ensure that the demand transfer language in K.S.A. 72-5133a, passed into law in 2024, is expanded to include a demand transfer from SGF with respect to the provisions of HB 2011. Without that expansion/clarification, the bill would potentially result in future reductions in public school funding.

We also raise two additional considerations for potential amendments to the bill. First, the bill is silent as to the proper treatment of new development that may expand a local jurisdiction's tax base. We understand there is interest in adjusting the bill's language to allow for new development to increase the amount of revenue to be collected for schools, and we would support adding such language. Second, the amount generated by the statewide levy is not, under the bill, indexed for inflation. We would support adding an inflation adjustment to the bill's revenue calculations. The Kansas Supreme Court has held that, for the school finance formula to meet the requirements of the Kansas Constitution, an inflation adjustment is necessary in calculating base state aid for public schools. A similar inflation adjustment would be appropriate within the statewide mill levy, so that in future years the state maintains a balance in revenue sources supporting public education.

Finally, we encourage thoughtful consideration of this and other property tax relief proposals before the committee because, with a statewide \$439 million shortfall in special education funding, school districts are already backfilling that shortage with local property tax dollars. Closing that shortfall calls for added appropriations from the SGF. All these issues should be part of the committee's considerations in considering property tax relief proposals.

We look forward to working with the legislature on bipartisan efforts to reduce property taxes while ensuring sustainable, stable funding for public services, including our public schools.

Thank you.

***KASB is a non-profit service organization built on an abiding belief in Kansas public schools. We have put the needs of students and K-12 leaders first since 1917.***