

House Taxation Committee
January 26, 2025
HB 2011

Jake Brillhart, MS
Neutral Testimony — Written Only

Chairman Smith and members of the Committee:

Thank you for the opportunity to submit neutral testimony on HB 2011. HB 2011 would amend current tax law to: **(1) lower the statewide property tax for public schools to 18 mills** beginning in the 2025-2026 school year; and then **(2) introduce a variable local tax rate that aims to cap school aid funded by statewide property tax in future years**. This testimony provides an external review of the bill’s potential fiscal impact on the Kansas public schools, without recommending whether the Committee should pass or amend this bill.

I also reaffirm the Division of the Budget’s May 2024 fiscal note on the previous session’s HB 2815, which projected that lowering the statewide 20-mill levy would create a funding deficit unless the Kansas Legislature provides additional funding for Kansas public schools. The Division of the Budget’s conclusion was based on an estimate from the Department of Revenue. I instead use the Kansas Education Consensus group estimate from March 2024, which projected the current 20-mill levy would raise approximately \$910 million for Kansas schools in FY 2026. However, economic conditions have changed. The Consensus group’s updated Fall 2024 estimates show a 4% decrease in this figure. Therefore, reducing the statewide 20 mill levy would still either require additional appropriations from the State General Fund to keep education funding consistent or for the Kansas Department of Education to reduce state aid per-student (e.g., Base Aid for Student Excellence or BASE).

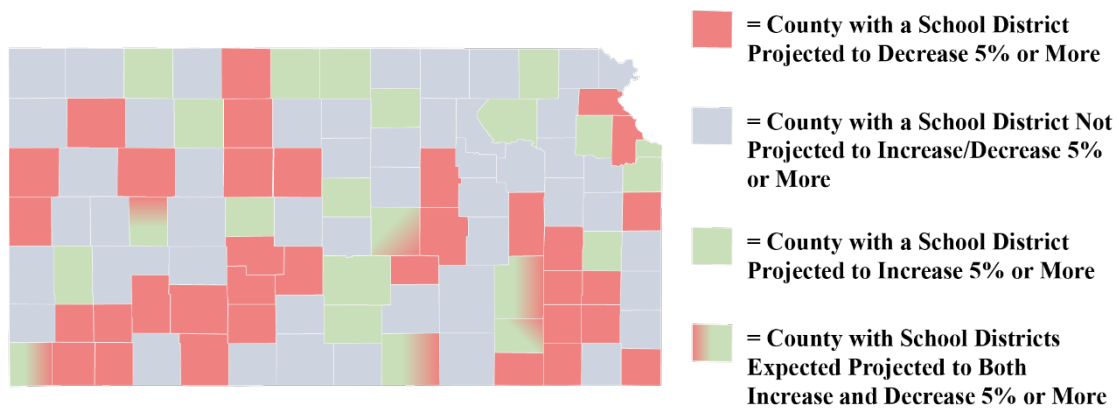
The stated goal of HB 2011 is to reduce ad valorem or property taxes levied by school districts. However, the current text of HB 2011 does not assure tax relief for all Kansans. Over the last 30 years, this statewide property tax for public schools has gradually decreased. It peaked at 35 mills in 1994 and has held steady at 20 mills since 1998. HB 2011 proposes that Kansas school districts adjust their state general levy rate to keep their state tax revenue consistent with what was raised in the 2025-2026 school year going forward. This, instead, creates a variable tax rate required to be collected by Kansas public schools. A hypothetical school district with declining property values may need to adjust or increase its mill rate beyond 20-mills to “generate the same property tax revenue.” This decline in appraised property value has already been observed. 29 Kansas counties in 2024, including Wallace County, reported a decline in appraised total value for all taxable real estate properties.

Further, HB 2011 does not prevent local districts from raising property taxes through other levies or revenue sources. Local districts may still seek to increase their Supplemental General millage (KSA 72-5147); enact or increase their capital outlay local property tax (KSA 72-53,116); or request the Kansas Board of Tax Appeals approve additional property tax levies after opening a new school facility and are experiencing “experiencing extraordinary enrollment growth” (KSA 72-5158). The State of Kansas should expect significant enrollment shifts in coming years.

I project the following using Kansas Department of Education headcount enrollment data from the last decade and statistical forecasting. This assumes no school districts merge or consolidate:

- (1) By 2025-2026, 163 Kansas public school districts are estimated to experience an enrollment decline; the average district decline being 35 fewer students per district, compared to the 2024-2025 school year. 112 Kansas public school districts are estimated to experience enrollment growth; the average district increase being 112 additional students per district.
- (2) By 2026-2027, 175 Kansas public school districts are estimated to experience an enrollment decline; the average district decline being 53 fewer students per district, compared to the 2024-2025 school year. 106 Kansas public school districts are estimated to experience enrollment growth; the average district increase being 46 additional students per district.

Figure 1. Counties with School Districts Projected to Have \pm 5% Enrollment Change in 2026-2027 School Year



These shifting enrollments may lead to unintended fiscal outcomes as school districts adapt their approaches to levying taxes and may be reliant on existing state funding sources. Significant changes to the statewide property tax for public schools (the 20-mill levy) may inject uncertainty into next year’s local budget development and education program planning.

Thank you for the opportunity to provide this neutral testimony. I encourage the Committee to carefully consider the potential impacts of HB 2011 on Kansas public schools and rural communities and to continue exploring innovative policy solutions that promote accountability and educational quality across the State of Kansas. There is a projected \$206.8 million shortfall in special education services reimbursement which places additional financial pressure on local schools and their ability to meet the needs of all students. It is important that the Kansas Legislature delivers on the state constitutional promise of effective and quality public education.

Best Regards,

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