THE LEAGUE OF KANSAS MUNICIPALITIES

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To:	Senate Assessment and Taxation Committee
From:	Spencer Duncan, Government Affairs Director
Date:	March 6, 2025
RE:	SB 280– Requiring Elections to Increase Property Tax Levies *Opponent – Oral Testimony*

Thank you to the Chair and Committee for the opportunity to provide this testimony.

SB 280 is more the beginning of an idea than a workable framework to guide taxing entities and citizens. As it raises logistical questions, the League opposes and asks the bill receives considerable additional work before further consideration. We also propose an alternative that we believe will lead to more cities voting to be revenue neutral each year.

<u>Our questions include:</u>

- SB 280 does not repeal Revenue Neutral law. If a taxing entity stays revenue neutral, does it still need to hold an election?
- The bill conflicts with dates set forth in Revenue Neutral law. Elections would need to occur months before taxing entities hold hearings and votes as outlined in the revenue neutral process.
- There are state laws limiting when taxing entities can hold elections. If a special election is required, the notice requirements make it difficult to comply with current budget laws and timelines.
- It is unclear if these elections are to be in-person or via mail. That has a considerable impact on who manages the election (i.e., taxing entity or County).
- These elections have a cost. Is the taxing entity responsible for the cost or is the County? For reference, a mail-in election in the Capital City of Topeka would exceed $400,000.
- How do these costs impact taxing entities relative to savings being attempted via a vote?
- The bill requires using the rate of inflation yet does not outline what date this is supposed to be captured for use. Is it first of the year, the previous year, date of the election, an average, or date budgets are due?

- This applies to all taxing entities who levy property tax, not just cities, counties, and school districts. This would apply to transit authorities, airport authorities, libraries, and others. Do these need to be separate elections? Does one election cover all entities? Who then is responsible for paying for the elections?
- If they are all one election, what happens if citizens do not want a city to exceed, but want the library to exceed? How is this distinction accounted for when these elections are held?
- Have counties and the clerks of cities and counties been consulted on the impact this will have on their timelines and workloads? Particularly in rural communities, where staffs are smaller, this creates additional administrative and financial burdens.

These are a handful of what we consider practical concerns relating to the application of SB 280.

There is a promising idea within SB 280. To reach the goal of reducing property taxes for citizens while encouraging cities to stay revenue neutral, **we offer an alternative based on this idea**: change the Revenue Neutral Rate to include the Municipal Price Index or Consumer Price Index. When a taxing entity votes to stay revenue neutral, it would mean they would generate the same amount of property revenue as the previous year, plus the percentage of the index at that time. This allows cities to capture their increase in expenses, while ensuring property tax levies stay lower. This goal of SB 280 is appreciated. We would be more than happy to discuss this option with the committee.

Thank you for your consideration and I am always happy to answer questions and provide additional information.

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