

STATE OF KANSAS  
HOUSE OF REPRESENTATIVES



SAMANTHA M. POETTER PARSHALL  
6TH DISTRICT

Chairperson Tyson and Members of the Committee,

Thank you for allowing me to testify in opposition of HB 2396.

**The best tax policy is often simple and easy to understand, and it is never rushed.** Unfortunately, none of the above apply to HB 2396. The process in which this was done created a situation where many felt like they were between a rock and a hard place. Very few had the time to digest the complexity of the legislation, understand the full impact, and felt like this was going to be the only chance they would get to vote for “property tax relief.”

**Regardless of this being portrayed as a win for taxpayers, the reality is that the only one-two punch the Kansas House delivered on property tax was to the accountability and transparency required of taxing jurisdictions.**

HB 2396 has three parts, all of which are contingent upon one another.

1. Repeals Revenue Neutral Rate. Replaces RNR with limits on the increase a taxing jurisdiction can add to the previous year’s portion of the budget that comes from property taxes. These limits are contingent on part 2 and part 3 of HB 2396 and only apply to county and city taxing jurisdictions. Not included in these limits are improvements, renovation, and remodeling of existing structures as well as new construction and payments for bonds.
2. Creates a petition process. The ability to petition only is allowed if the taxing jurisdiction exceeds the increased budget, does not allow property owners who are not registered to vote in the district to petition, and requires signatures in excess or equal to 10% of voter turnout in the last Presidential Election.
3. Creates the ASTRA Fund. This is a taxpayer funded transfer from State General Funds to the newly created fund that is paid to the taxing jurisdiction if they stay within the increased budget, are forced to via petition, or are forced to due to failure to adopt a budget. If taxpayer funds are no longer allocated from the state to the taxing jurisdictions, the taxing jurisdiction has no limit on what they can increase taxes by regardless of a successful petition.

**Part 1:** HB 2396 begins by repealing the 2021 legislation best known as Revenue Neutral Rate. RNR requires the public to be notified if a local taxing jurisdiction intends to increase their property tax funded portion of their budget above the previous year’s

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budget. **This removes transparency from the budgeting process of a taxing jurisdiction.**

Revenue Neutral Rate also requires a public meeting if the taxing jurisdiction intends to increase the property tax funded portion of their budget. This has created a requirement of accountability to the taxpayer. **The claim as to why this needs to be repealed portrays a false narrative.** Claims that RNR has contributed to the largest property tax increases take little into consideration, and do not tell the full story. These claims include the narrative that few large taxing jurisdictions have remained revenue neutral, that the main constraint has been put on small taxing jurisdictions that levy less than a couple of mills, and that this new plan would save taxpayers millions of dollars.

**The most frustrating part of this legislation is that a basic understanding of economics and the free market is missing.** The economic impact of COVID shutting down our economy, the reliance on federal funds from the complete shutdown of our country, and the record high property tax appraisals were taken out of the equation – putting the brunt of the blame on RNR, so much as to repeal it.

Right before the debate on the House Floor, each member had a misleading handout put in front of them that led many to believe the narrative being pushed. This handout did not accurately depict the impact of RNR, nor did it make clear the potential impact of passing this legislation. It showed the total amount of property tax, including the 20 Mills and 1.5 Mills from the state which was directly impacted by the dramatic increase of appraisals over the last several years. In addition to that, it left out the impact of this legislation if it would have been implemented in 2021 rather than RNR.

Another factor that has not been taken into consideration is the impact of any taxing jurisdictions that had such an increase it would be an outlier to the standard deviation. Outliers to the standard deviation are generally removed when considering the impact an outlier has on the majority.

**Part 2:** HB 2396 goes on to implement the ability to protest if the taxing jurisdiction increases their budget more than the previous year's Consumer Price Index for All Urban Consumers in the Midwest Region. Minus new construction, improvements, or remodeling, or renovation of existing structures, and bond payments toward a bond passed after July 2025.

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Under this provision, the County Treasurer maintains the petition and is required to post on the county website and social media (if they have them) that the petition is available. The number of signatures required to protest would be equal to or greater than 10% of votes cast in the last presidential election. Qualified voters residing in the taxing jurisdiction would have 30 days to sign the petition.

The petition would be made available only after the County Clerk notifies the County Treasurer that the budget passed by a taxing jurisdiction is more than the previous year's budget plus the Consumer Price Index for All Urban Consumers in the Midwest Region (not including new construction, improvements, or remodeling, or renovation of existing structures, and bond payments toward a bond passed after July 2025.)

If the petition is successful the taxing jurisdiction is limited to the previous year's budget increased by the previous year's Consumer Price Index for All Urban Consumers in the Midwest Region, not including new construction, improvements, or remodeling, or renovation of existing structures, and bond payments toward a bond passed after July 2025.

**Part 3:** HB 2396 finishes off with the creation of the ASTRA Fund.

The creation of the ASTRA Fund would require a transfer of \$60 million dollars (increased by 2% annually) to be transferred to the State Treasurer to allocate to the counties proportionally. The county would allocate the funds proportionally to the cities, and the remaining funds would remain with the county.

The funds would be available to the taxing jurisdiction whether they intentionally limit their budget to the previous year's budget increased by the previous year's Consumer Price Index for All Urban Consumers in the Midwest Region, not including new construction, improvements, or remodeling, or renovation of existing structures, and bond payments toward a bond passed after July 2025, or if they are forced to do so by a successful petition.

If the state fails to reallocate taxpayer money from the State General Fund to the ASTRA Fund, the taxing jurisdiction is no longer limited to keep their budget equal to the previous year's budget increased by the previous year's Consumer Price Index for All Urban Consumers in the Midwest Region, not including taxes levied on new construction, improvements, or remodeling, or renovation of existing structures, and bond payments toward a bond passed after July 2025.

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**This bill removes transparency and accountability.** Allows for a substantial property tax increase regardless of a successful petition, and all budgetary limits are removed if the state can no longer afford to reallocate tax dollars providing additional funding to local taxing jurisdictions.

**Johnson County:** In 2024, the CPI-U was 4.21% while Johnson County increased property taxes by 9.81%. If the ASTRA Fund would have been available for the county, they would have been able to receive \$12.2 million from the ASTRA Fund. In order to successfully petition the county, there would need to be 34,686 eligible signatures on the petition – which would be over 1,000 signatures per day in the 30 day timeframe.

**While a \$12.2 million bonus from the state seems like a nice incentive, it was less than the increase over the CPI-U. The total increase was \$23.1 million, which was an increase of \$13.2 million over the CPI-U.**

Additionally, the increase by Johnson County alone caused a 0.6% increase in county Property Tax percentages statewide. If you remove Sedgwick County, Leavenworth County, and Johnson County the statewide increase decreases by 1.2%.

In other words, blaming Revenue Neutral for the “largest property tax increases” is an assumption based on a desired outcome, not reality.

**To sum up HB 2396:** Transparency and accountability is being repealed for every local taxing jurisdiction and is replaced with a funding limit. This limit is the previous year’s Consumer Price Index for All Urban Consumers in the Midwest Region.

This funding limit only applies to county and city taxing jurisdictions. Leaving School Districts exempt from the funding limit.

This funding limit does not include:

- new construction,
- improvements, or remodeling, or renovation of existing structures, or
- bond payments toward a bond passed after July 2025.

If a city or county fails to pass a budget in the required timeframe, they are only limited to this limit they were superficially already limited to.

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**The funding limit is superficial, due to the fact that the only way to compel a taxing jurisdiction to stay within it is by failure to pass a budget or a successful petition that requires a near unattainable number of signatures.**

In order to see the true benefits of Revenue Neutral Rate, the House needs to think about what is best for their constituents – not what is best for county governments. Our constituents deserve full transparency, they deserve to stop being lied to every single time they are told “we didn’t raise the mill levy.”

The best way to achieve the accountability and transparency our constituents deserve when it comes to property tax is by keeping RNR in place and putting a hard cap on property tax appraisals. It is time to stop the intentional misdirecting when a taxing jurisdiction says, “we didn’t raise the mill levy.” When appraisals increase by over 15%, but the property tax increase is only 9%, of course the mill levy is going to go down.

Miami County is a prime example of the benefit of the transparency and accountability that RNR has given property owners. Since the passage of this legislation, the voters have elected three new county commissioners.

In 2023, after another property tax increase by USD 368, and with the number one complaint by my constituents being property taxes I knew I had to do more for my district than just watch the Kansas Senate pass good tax legislation only to have it never see the light of day in the Kansas House. Which is why I decided to run for school board, and I truly believe that RNR is what helped flip four of the seven seats. **The Miami County property tax funded portion of the budget for 2025 stayed Revenue Neutral, as for USD 368 – we decreased our property tax funded portion of our budget by nearly 2%.**

When I promise my constituents that I will do everything I can to make it more affordable to remain in their home, I mean it. It is why I ran for school board and it is why I voted against HB 2396 and HCR 5011. And it is why I am vocally opposing HB 2396 in hopes that the Kansas Senate sees the reality of this legislation.

The reality is that HB 2396 is for growing local government by removing transparency and accountability for all taxing jurisdictions, putting a superficial limit on only city and county property taxpayer funded revenue, not including new growth or bonds, with an added bonus of a \$60 million taxpayer funded reward for increasing property taxes. This is not for the property owner; it is by the government and for the government.

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If the House truly wants property tax relief the only way to even begin to achieve the end goal is keeping RNR in place and passing SCR 1603 – the 3% cap on property appraisals.

Thank you for allowing my opposition testimony on HB 2396.

Sincerely,

A handwritten signature in black ink that reads "S M. Poetter Parshall". The signature is written in a cursive, flowing style.

State Representative Samantha M. Poetter Parshall