

KANSAS  
ASSOCIATION



OF  
SCHOOL  
BOARDS

1420 Arrowhead Road | Topeka, Kansas | 66604-4024  
785-273-3600 | 800-432-2471 | 785-273-7580 FAX  
www.kasb.org

Testimony before the  
Senate Committee on Assessment and Taxation

on

SB 317 – Defining Real and Personal Property

by

Mark Tallman, Associate Executive Director for Advocacy  
Kansas Association of School Boards

February 15, 2012

Mr. Chairman, Members of the Committee,

Thank you for the opportunity to testify on **SB 317**. We have deep concerns about the unknown fiscal impact of this bill on school district funding. As the fiscal note says, the bill has the potential to decrease property tax revenues by eliminating certain property tax assessments on trade fixtures, but the amount is unknown.

School districts would be affected by this bill in at least five ways. First, a reduction in assessed valuation will result in less revenue from the 20 mill statewide levy. Either the state will have to make up the difference or the base budget per pupil will be further reduced for all districts. The base has been reduced from \$4,433 to \$3,780, or \$14.7% since 2009. General fund budgets have been reduced by over \$270 million. Un-weighted general fund spending per pupil has been cut from \$7,207 to \$6,474, or 10%.

Second, districts will receive less revenue for their local option budgets. For the highest valuation districts in the state, the LOB is funded entirely by local property taxes. For lower wealth districts, the state pays an increasing share based on assessed valuation per pupil. **SB 317** could result in less local revenue, which means the district would either have to raise the mill levy on other taxpayers to maintain the same budget level, or reduce the LOB and make further budget cuts.

Third, **SB 317** could result in changes in the LOB aid formula, which could redirect current LOB state aid among districts. If a district was heavily impacted by a changing definition of real property, it could qualify for more state aid, but that would shift LOB aid away from other districts, unless the state increased total LOB state aid as well as general state aid for the base budget per pupil.

Fourth, **SB 317** could reduce revenues for bond and interest payments. Districts would be required to raise the mill levy to offset any losses. Likewise, districts currently receiving bond and interest state aid could also be affected under the state aid formula.

Finally, districts would receive less from their capital outlay mill levy, if they have one. If the district is at the state maximum, this revenue could not be made up. The state has also suspended capital outlay state aid since 2010, which reduced capital outlay funding by about \$25 million statewide.

Thank you for your consideration.

Sn. Assmnt & Tax  
2-15-12

Attachment # 10