



SEDGWICK COUNTY, KANSAS

DIVISION OF FINANCE

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TO: The Honorable Les Donovan and
Members of the Senate Committee on
Assessment and Taxation

SUBJ: **Opposition to Senate Bill 317**

FROM: Chris Chronis
Chief Financial Officer

DATE: February 10, 2012

I am writing today on behalf of the Sedgwick County Board of County Commissioners to ask that you take action to disapprove SB 317.

This bill would cause certain parts of some manufacturing plants to be reclassified from real property to personal property, and in so doing would reduce ad valorem taxes paid to Sedgwick County, the school district, and other units of government by those businesses. Absent additional actions by the affected governments it would result in the transfer of tax burden from one group of property owners to all other owners of taxable property.

Such a shift of tax burden may be desirable, or it may be detrimental to the community. Our opposition to SB 317 arises from our inability to determine which would be the case. The fiscal note for SB 317 concludes: "the Department [of Revenue] does not have data on how much of the current assessed valuation of commercial and industrial real property includes assessments on trade fixtures; therefore, a precise estimate of the amount of decreased property tax revenue and its effect on local and state revenues cannot be estimated."

It would be imprudent to alter the ad valorem tax structure without a clear understanding of the effect of the alteration on the targeted group of taxpayers and on owners of other taxable property. **Until it can be determined which businesses will benefit from SB 317, by how much, and the extent to which that benefit will be paid for by other taxpayers either in the form of higher tax bills or reduced public services, we ask that you reject SB 317.**

Sn. Assmnt & Tax
2-15-12

Attachment # 11