



To: Senate Assessment & Taxation
From: Kim Winn, Deputy Director
Date: February 21, 2012
Re: SB 421

Thank you for the opportunity to appear today on behalf of the League of Kansas Municipalities and our member cities regarding SB 421. We are concerned about the negative fiscal impact of this legislation on local governments, and must therefore, oppose SB 421 at this time.

This proposal reduces the motor vehicle property tax from 20% in FY 2012, to 18% in FY 2013, to 16% in 2014, to 14% in FY 2015, to 12% in FY 2016 and all years thereafter. Losses to local governments are estimated to be \$25 million in the first year, \$40 million in the next year, and \$60 million in the third year.

While the bill does provide some mitigation by slowing the depreciation schedule, such mitigation does not even begin for five years. In addition, we have not yet seen any estimates as to the level of mitigation that will be provided. We believe that it would not be prudent to move forward at this time without a complete understanding of the fiscal impact, including both revenue losses and possible future mitigation.

Government at all levels is struggling to provide more services with less revenue. SB 421 represents a further reduction in local revenues at a time when budgets are already strained. For this reason, we must oppose this legislation.

Again, thank you for the opportunity to appear today. I would be happy to stand for questions at the appropriate time.