



To: Senate Assessment & Taxation Committee
From: Kim Winn, Deputy Director
Date: March 8, 2012
Re: Support for SB 409

On behalf of the League of Kansas Municipalities and our member cities, thank you for the opportunity to appear today in support of SB 409. We have a long standing policy supporting revenue sharing and we appreciate your consideration of this proposal.

Established under K.S.A. 79-2959, LAVTRF is currently supposed to transfer 3.63% of state sales and use taxes to cities and counties. Revenue sharing in this manner dates back to the 1930s with the current statutory framework being established in 1965. At that time, the local share of certain cigarette revenue stamp taxes and cereal malt beverage taxes were rolled into the state general fund and a direct transfer was made into the LAVTRF to replace the loss of these funds (Kansas Session Laws, Chapter 530, 1965). This agreement between local governments and the state was set out in statute as a way to unify and simplify the tax system while reducing the local property tax burden.

While the LAVTRF has remained on the books, beginning in FY 1992, the Kansas Legislature started reducing the amount of the transfer to local governments through the appropriation process. Since 1992, cities and counties have lost a total of \$797,226,476 in LAVTRF. During the same time frame, the Legislature has reduced City-County Revenue Sharing Funds pursuant to K.S.A. 79-2964 by a total of \$660,678,717. Together, the loss in these two funds represents a \$1.5 billion reduction in funds to cities and counties in recent years (see attached).

SB 409 reinstates \$45 million in LAVTRF beginning in FY 2013. Because cities and counties are required to apply this amount specifically to property tax reduction (See K.S.A. 79-2961), this bill represents an important first step in reestablishing the revenue sharing relationship between the state and local governments. For this reason, we respectfully request that the Committee report SB 409 favorably for passage and that this amount be included in the appropriation process as well.

Local Ad Valorem Tax Reduction Fund Losses

Fiscal Year	Statute	Actual	Loss
1991	\$37,164,000	\$37,164,000	\$0
1992	\$38,966,000	\$38,576,000	\$390,000
1993	\$40,540,000	\$39,324,000	\$1,216,000
1994	\$41,971,000	\$40,293,000	\$1,678,000
1995	\$44,649,000	\$44,649,000	\$0
1996	\$47,054,000	\$46,301,000	\$753,000
1997	\$48,661,000	\$46,949,000	\$1,712,000
1998	\$50,688,000	\$47,771,000	\$2,917,000
1999	\$55,122,000	\$55,122,000	\$0
2000	\$57,903,000	\$57,903,000	\$0
2001	\$60,315,000	\$54,139,000	\$6,176,000
2002	\$61,980,000	\$54,680,000	\$7,300,000
2003	\$62,431,000	\$26,247,000	\$36,184,000
2004	\$64,636,000	\$0	\$64,636,000
2005	\$66,521,000	\$0	\$66,521,000
2006	\$66,682,000	\$0	\$66,682,000
2007	\$71,233,000	\$0	\$71,233,000
2008	\$71,063,598	\$0	\$71,063,598
2009	\$69,860,878	\$0	\$69,860,878
2010	\$67,430,000	\$0	\$67,430,000
2011	\$81,788,000	\$0	\$81,788,000
2012	\$87,665,000	\$0	\$87,665,000
2013	\$92,021,000	\$0	\$92,021,000
	\$1,386,344,476	\$589,118,000	\$797,226,476

City-County Revenue Sharing Losses

Fiscal Year	Statutory	Actual Distribution	Loss
1991	\$28,351,000	\$28,351,000	\$0
1992	\$29,461,000	\$29,166,000	\$295,000
1993	\$31,153,000	\$30,218,000	\$935,000
1994	\$31,905,000	\$30,629,000	\$1,276,000
1995	\$33,375,000	\$33,375,000	\$0
1996	\$36,070,000	\$34,610,000	\$1,460,000
1997	\$37,117,000	\$35,095,000	\$2,022,000
1998	\$38,570,000	\$35,709,000	\$2,861,000
1999	\$41,376,000	\$36,566,000	\$4,810,000
2000	\$44,359,000	\$36,932,000	\$7,427,000
2001	\$46,004,000	\$34,531,000	\$11,473,000
2002	\$46,901,000	\$34,876,000	\$12,025,000
2003	\$47,868,000	\$16,741,000	\$31,127,000
2004	\$51,564,063	\$0	\$51,564,063
2005	\$53,422,952	\$0	\$53,422,952
2006	\$56,609,567	\$0	\$56,609,567
2007	\$57,920,881	\$0	\$57,920,881
2008	\$55,206,431	\$0	\$55,206,431
2009	\$54,329,823	\$0	\$54,329,823
2010	\$52,570,000	\$0	\$52,570,000
2011	\$63,606,000	\$0	\$63,606,000
2012	\$68,175,000	\$0	\$68,175,000
2013	\$71,563,000	\$0	\$71,563,000
	\$1,077,477,717	\$416,799,000	\$660,678,717