

Dear Senator Les Donovan and Members of the SenateTax Committee:

Ellsworth County stands in strong opposition to Senate Bill 316. The Tax lid needs to have several exemptions included so that we can continue our basic needs tax payers have come to expect.

The Kansas Association of Realtors labels this bill as a public vote on the issue of increasing property taxes. They say this is the “ultimate local control” – allowing citizens to vote for the property tax increase. However, the election process outlined in the 2015 legislation does not work with the statutorily-prescribed budget process. KAR has proposed fixing one date in its 2016 legislation, which it argues will fix the election concerns. It does not. The budget process outlined in Kansas statute begins with appraising property in the county at the beginning of the year and cumulates with mailing the tax statements to taxpayers at the end of the year. Altering one date within the domino-effect of dates does not fix the issue. Thus, the legislation becomes a solid tax lid, and not an election to determine taxes, as it is billed.

Counties are funded by two primary sources: property taxes and sales taxes. Sales tax is very limited, as it is capped at 1% and must be split with the cities abiding within the county. Counties are a partner to the State and provide state services, such as valuing property and collecting taxes, registering motor vehicles, prosecuting state crimes, paying for courts, providing public health and mental health programs, and the list goes on. In recent years the State has shifted its responsibility and costs to counties: eliminating the mortgage registration fee, eliminating the oil/gas valuation depletion trust fund, eliminating funding for LAVTR and other revenue-sharing programs, eliminating taxation of machinery and equipment, granting tax exemptions, sending felons to county jails, assigning costs of sexual predators to counties, shifting the burden of mental health funding to our community mental health centers and our jails.

From 1991 through 2010, the demand transfers of LAVTR, CCRS and SCCHF were eliminated to the tune of \$1.15 billion dollars. These funds were created to replace taxing authority that cities and counties had – we gave up this taxing authority and allowed the State to collect the taxes, and the State in turn was supposed to share the tax revenues. The Local Ad Valorem Tax Reduction fund was squarely aimed at reducing property taxes at the local level.

The Kansas Association of Realtors asserts that property taxes are high, and interestingly starts its analysis in 1997, at the end of the 1990s tax lid and the end of demand transfers, resulting in an exaggerated increase in property taxes. Over the last ten years, 2004-2014, the county per-capita tax increase was 8.71%. The county per-capita tax in 2004 was \$389 and in 2014 it was \$423.

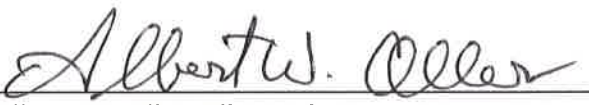
If our county cannot raise the necessary revenues to support services, the services will be cut. Our citizens will see a decrease in local government services and they will not have the opportunity to vote on that decision because a realistic election procedure is not included in this legislation.

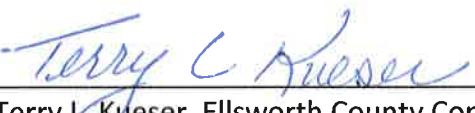
If the Kansas legislature believes that citizens should vote to approve tax increases, why was there no statewide public vote on the historic sales tax increase last year? County commissioners are all elected by the same people who would vote on the property tax increase. We trust that our voters made the right decision when they voted for their state legislators and county officials.

We ask that you repeal the 2015 legislation and return our state to the principal that the government closest to the people is the best. Citizens will vote for the county officials that represent their values in determining the budgetary needs of the community.

Sincerely,


Kermit Rush, Ellsworth County Commissioner


Albert W. Oller, Ellsworth County Commissioner


Terry L. Kueser, Ellsworth County Commissioner