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March 6, 2018

Heidi Holliday, Executive Director
Kansas Center for Economic Growth
Written-only neutral testimony on House Bill 2740
House Taxation Committee

Chair Johnson and Members of the Committee:

Thank you for the opportunity to provide testimony on Kansas tax policy. The Kansas Center for Economic Growth (KCEG) is a nonpartisan organization dedicated to promoting balanced budget and tax policies that help ensure all Kansans prosper. **We are submitting neutral testimony on House Bill 2740.**

We recognize lawmakers have a difficult task ahead as our state recovers from the failed 2012 tax plan, nine consecutive rounds of budget cuts, and years of disinvestment. **The road to recovery includes finding recurring and sustainable sources of revenue to address our state's most pressing priorities: providing great schools, affordable health care, and solid infrastructure, and building thriving communities in Kansas.**

We urge the committee to remember the following as they consider this bill:

- As KCEG documented in its “2017 Aid to Locals” report last fall, “local units of government have raised property taxes to fund services, but cuts in aid to local communities were over 4.5 times more than the corresponding increases in property taxes. Counties have not come close to backfilling the losses in revenue from cuts to local aid.”ⁱ **Raising the state mill levy may place additional constraints on local budgets.**
- If the mill levy is increased, **the legislature should consider strengthening Kansas’ property tax credit program** by examining best practices from other states to expand the program to reach additional vulnerable Kansans.ⁱⁱ One option would be reinstating the Homestead Credit for renters to help alleviate the potential increase in housing costs, a component of the bill that was repealed in 2012.ⁱⁱⁱ

Certainly, the task at hand for the legislature is difficult, and we appreciate the committee’s thoroughness in evaluating all the available options. As you seek sustainable and

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renewable revenue sources to fund education and our other core services, KCEG is happy to provide technical assistance. Please do not hesitate to contact me (heidi@realprosperityks.com) if you have any questions.

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- ⁱ https://realprosperityks.com/wp-content/uploads/2013/02/KCEG_AidToLocalsReport_v7.pdf
 - ⁱⁱ <https://itep.org/wp-content/uploads/circuitbreakerpb2016.pdf>
 - ⁱⁱⁱ <https://www.ksrevenue.org/taxnotices/notice12-14.pdf>