

To: Senate Assessment and Taxation

From: Trey Cocking, Deputy Director

Date: March 6, 2018

RE: Oral Testimony in Support of SB 400

Madam Chairwoman, thank you for allowing the League of Kansas Municipalities to testify in support of this bill. SB 400 is similar to HB 2626 that had a hearing in House Tax on February 13th. After the hearing, the League and the Kansas Association of Counties engaged the opponents of the bill to seek a compromise. After those discussions, HB 2755 was introduced and has passed out of the House Tax Committee. We would ask that the following language added to the last sentence on page 3, line 15: “so long as the levy increase does not exceed the levy of the dissolved taxing entity”. With this additional language, SB 400 would represent the compromise made with the Realtors and the State Chamber.

The imposition of the tax lid made it impossible for a smaller unit of government to be dissolved into a city or county because there is not currently a mechanism to transfer the taxing authority of the smaller unit. Without being able to maintain the current funding levels, in most cases, it is not feasible for the larger unit of government to take on additional responsibilities. This bill is about less government, as this bill provides an avenue for an entity to be dissolved into a city or county, resulting in a smaller number of governmental entities. The passage of SB 400 should result in less expense to taxpayers, as administrative expenses will be reduced over time.

The League is aware of at least two instances where this bill would make it possible for one unit of government to be dissolved into a city. These dissolutions would not occur without the passage of SB 400, since both boards levy property taxes, and the city cannot absorb the duties and responsibilities without taking on some of the taxing authority of the dissolved board.

The passage of this bill would be good news for taxpayers since the overall level of property tax will remain the same. It is even possible that over time, the levies will be reduced due to increased efficiency.

On behalf of the cities of Kansas, we thank you for the opportunity to appear before the committee today. We look forward to working with you to address this unintended consequence of the tax lid.