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Testimony to the House Taxation Committee
In Support of HB2368
March 13, 2019

Chairman Johnson and Committee members:

Thank you for the opportunity to provide testimony in support of HB2368. Members of the 2018 Transportation Task Force spent countless hours listening to citizens, elected officials, business leaders and transportation experts discuss their priorities for the future of transportation in Kansas.

Conferees noted challenges related to the lid on property tax increases and indicated property tax is the primary source of local transportation funding (approximately 71 percent of transportation budgets for counties collectively). Among the comments were that the property tax lid forces more reliance on KDOT programs, makes it difficult for local communities to respond to emerging economic development opportunities, has meant a county's bridge program was not funded, and limits the ability of local governments to keep pace with community demand for services. Several stated rural areas are losing residents and, with larger proportions of in-town residents, fewer county residents use rural roads and will vote to increase property taxes to improve rural roads, but those roads remain important to the local economy. A conferee also noted lower state sales taxes in Missouri and Oklahoma make raising local sales taxes difficult.

Among the individual comments, FYI (these are NOT exact quotes) Current funding will not support the rural road network. With the current tax lid, no increase in funding is available; property tax is inherently an unfair way to fund roads. (Lon Pishny, Finney County Commissioner)

Sometimes a project is critical to the local economy (e.g., a bridge replacement), but it is seen as benefitting relatively few. (Kenneth Combes, Coffey County Commissioner)

The tax lid has meant a request for \$250,000 a year to target bridges was not funded, and county commissioners made additional cuts. (Jeff Fischer, Bourbon County Commissioner)

The tax lid limits the ability of local governments to capture valuation growth and cripples community ability to keep pace with the demand for services. (Michael Kramer, Director of Public Works, Garden City)

Here is the recommendation specifically about local effort:

The Task Force affirms local transportation needs exceed available resources and some portion of SHF moneys should be directed to local governments to meet those needs. It also notes increased local participation may be required for local projects, and it recommends the Legislature consider authorizing revenue-increasing options including, but not limited to, an exemption in the tax lid statute (KSA 2018 Supp. 79-2925c) for transportation purposes and modifications to demand transfers.