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To: House Taxation Committee
From: Mark Tomb, VP of Governmental Affairs
Date: March 12, 2020

Re: Opposition to HB 2656 (Written-Only)

Honorable Chairman Johnson and members of the House Taxation Committee:

On behalf of the Kansas Association of REALTORS® (KAR), thank you for the opportunity to provide written comments to express opposition to HB 2656. This legislation would abandon the long standing formula for certain sales tax distributions between cities and counties. Creating instability in sales tax revenues for cities could result in an increase in property taxes.

REALTORS® believe that real estate is burdened with an excessive share of the constantly increasing cost of state and local government. While we realize the importance of many programs funded through property tax revenues, we believe tax revenues should be equitably collected from a variety of sources and encourage taxing jurisdictions to consider the negative impact to the housing market associated with any potential increase in property tax rates.

KAR represents over 10,000 members involved in residential, commercial and agricultural real estate and has advocated on behalf of the state's property owners for nearly 100 years. REALTORS® serve an important role in the state's economy and are dedicated to working with our elected officials to create better communities by supporting economic development, a high quality of life and providing affordable housing opportunities while protecting the rights of private property owners.

REALTORS® support policies that give citizens a greater voice in decisions impacting their tax burden. Under current law (K.S.A. 12-187), voters decide whether or not a county has a sales tax and for what purpose the revenue will be used. This legislation short circuits that process to allow the county to decide completely on their own the way sales tax revenue for general purposes would be distributed. While most cities and counties would find a cooperative solution, if the county wanted to it could reduce or completely eliminate city distributions.

Conclusion

Thank you for the opportunity to provide written testimony opposing HB 2656. KAR believes that the bill has the potential to increase the reliance on property taxes and also goes against the will of voters that have decided to enact a sales tax with a previously established method of distribution. For these reasons we request that the bill not advance out of the House Taxation Committee.