



OPPOSE SB 294 – Establishing notice and public hearing requirements prior to approval by a governing body to exceed its certified tax rate for property tax purposes.

To: House Committee on Taxation
Rep. Steven Johnson, Chairman

From: City of Lenexa

Date: March 16, 2020

Honorable Chairman and Committee Members:

Thank you for allowing the City of Lenexa to submit testimony concerning SB 294. The City opposes this bill because of the substantial adverse impact on all communities in Kansas. Specifically, we believe it is overly restrictive to a City's ability to appropriately work through the steps of the annual budgeting process, fundamentally flawed in that it does not fully achieve the intended tax bill transparency, and contrary to the Home Rule authority guaranteed by the Kansas Constitution.

Despite our opposition to SB 294 as a whole, we are pleased the Senate has recognized the importance of eliminating the tax lid, as its one-size-fits-all approach has created a multitude of challenges and negative consequences for Kansas communities. However, the bill needs significant work to truly accomplish transparency while remaining functional for cities. The following issues need to be resolved:

1. We strongly believe that taxpayers need to see the "revenue neutral rate" calculation in their truth-in-taxation statements. While the bill specifies that the calculation occur, there is no requirement that the calculation be included in the statements. We believe doing so is critical to transparency with taxpayers.
2. Truth-in-taxation statements must include information about property tax calculations for all taxing jurisdictions, not just their municipality. Informing taxpayers that their municipal taxes are set to increase but not informing them that their state and/or local school district levies will also increase severely undermines the intended transparency.
3. Cities need the ability to continue to set local property taxes in dollars as opposed to mills. Local budgets are based on actual dollar amounts, and there is a variation in a city's mill rate due to the county valuation and appraisal process. Because a city's mill rate changes between the preliminary valuation on June 15 and the certified valuation on October 1, cities cannot reasonably predict that difference.



4. August 1 is the date for tax levy certification and should be the date information is due to county clerks under this bill.
5. The bill should specify what costs a county may charge cities to provide additional truth-in-taxation information. Additionally, if a county elects to conduct a truth-in-taxation hearing, the county should be liable for all costs associated with sending notice to taxpayers.
6. The bill requires governing bodies to take action on their property tax levy at the same meeting as the truth-in-taxation hearing. This forces poor governance as it prohibits governing bodies from taking any time to research, review comments, and/or make budget adjustments based on feedback from taxpayers at the truth-in-taxation hearings. The bill should be amended to allow a governing body to set a future date to adopt a tax levy after the truth-in-taxation hearing.
7. The bill should be modified to change the date for budget certification. As written, municipalities must still adhere to the current budget certification deadline of August 25 while potentially not having a truth-in-taxation hearing to raise revenue for that budget until September. If a governing body is to consider a budget that raises revenue above the certified tax rate, it unreasonable to require a city to finalize its expenses before it can determine expected revenues. We support amending the bill to include a November 30 budget certification date.

In conclusion, each community has different needs and priorities. Local governments set budgets based on those factors. Cities need flexibility and autonomy in addressing local issues, and this bill obstructs those dynamics. While we have suggested several changes that improve the workability of the proposal, we do remain fundamentally opposed to the bill. For these reasons, we ask that you not pass SB 294 out of the committee.