



March 11, 2020

House Committee on Taxation  
Representative Steven Johnson, Chairman

Dear House Committee on Taxation Members,

Butler County would like to express our opposition to SB 294. The County is in strong opposition to this bill as it contains serious flaws, creates another major unfunded mandate to County governments across the State of Kansas and will do nothing to limit property tax expansion in Kansas.

In December of 2019, the Kansas Tax Foundation recommended Kansas should repeal the tax lid and adopt the Utah model of Truth-in-Taxation. SB 294 is not the Utah model and Utah does not have anywhere close to the number of taxing districts as Kansas, making this an apple to lemon comparison. One of the major flaws of the proposed Kansas bill is the inability to capture new growth; while the Utah model allows for new growth SB 294 does not. The inclusion of new assessed valuation growth or a CPI adjustment would align with inflation and the cost associated with growth.

In order to implement SB 294 in county government additional staffing as well as software upgrades will be necessary to support the bill, creating another major unfunded mandate. County Clerks statewide will need to request additional staffing to comply with the proposed bill's requirements due to the increased demand on their offices and timing of the workflow, which will conflict with election cycles that occur during the same time periods. The proposed bill as currently written will almost certainly require the Butler County Clerk to send out notices to all property Owners County wide with an array of different estimates and confusing notices of public hearings, which will have no impact on limiting property taxes and attendance at public hearings will likely not be increased. For the Butler County budget, which has seen a decreased proposed mill levy in each of the last nine years, a majority of the estimates could indicate a decrease in the taxes property owners may potentially pay in the upcoming year. The complexity of this bill will require major software enhancements, with the potential for new software, costing upwards of \$100,000 for Butler County to implement, plus annual support costs. Furthermore, the addition of staff just to support this bill could cost Butler County over \$50,000 annually, which is unacceptable. Altogether, after the initial impact, this bill could potentially add \$75,000 to \$100,000 of annual expenses to Butler County's government. There is no question implementation of this bill will create an unnecessary burden on County governments, resulting in another major unfunded mandate from State Legislature following on the heels of a major unfunded mandate for election equipment in 2019. The most discouraging issue with this bill is the fact that it will not do anything to limit property tax growth, but will have exactly the opposite affect as the current tax lid is proposed to be removed in the current bill. This is simply a poorly written bill that will force local governments to estimate increased property tax collections to prevent any penalties, which would require repayment.

William H. Johnson, Jr., County Administrator



While the cost to implement the bill should be reason enough to reject the bill, the flaws existing in SB 294 are numerous and significant. I am confident others will go into to greater detail on the existing flaws of this bill and as such, I will simply highlight them:

- SB 294 does not follow the Utah model.
- SB 294 does not allow taxing entities to benefit from revenue created by new growth, such as new subdivision and housing starts.
- SB 294 requires each taxing subdivision to calculate its own mill levy by July 1<sup>st</sup> to determine its assessed valuation. Taxing entities in Kansas do not certify their mill levies, County Clerks do, and the bill conflicts with current calendar deadlines.
- Tax rates in Kansas are not certified to the County Clerk's Office until October by the County Appraiser, which again creates conflicts with calendar deadlines established by SB 294. Due to appeals, the Assessed Valuation of a taxing district can shift substantially many times between July 1<sup>st</sup> and October.
- SB 294 does nothing to limit property tax growth and actually encourages it.
- SB 294 excludes schools, which are a major component of property tax growth.

Butler County could go into greater detail with the conflicts and problems associated with SB 294, but in order to keep our testimony brief I will limit it to the flaws, which have been presented. SB 294 is a poorly written bill with limited understanding of the workflows and requirements of local government, especially those of County operations. For these reasons we ask that, you unanimously reject SB 294. I appreciate your consideration of our testimony and look forward to working with our Legislatures on future bills that enhance our great State and County.

Sincerely,



William H. Johnson  
Butler County Administrator

CC: County Commission  
Butler County Legislative Delegation