



Kansas Grain and Feed Association
Kansas Agribusiness Retailers Association
Renew Kansas Biofuels Association
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February 23, 2021

To: House Committee on Taxation
From: Randy Stookey, Senior Vice President of Government Affairs
RE: **Joint Proponent Testimony on HB 2272, delaying distribution of certain property taxes paid under protest and requiring certain information on protested or exempt property taxes to be provided to local taxing jurisdictions.**

Chairman Smith and members of the committee, thank you for the opportunity to provide testimony in support of House Bill 2272. This testimony is submitted jointly on behalf of the Kansas Grain and Feed Association (KGFA), the Kansas Agribusiness Retailers Association (KARA), and Renew Kansas Biofuels Association.

KGFA is the state association of the grain receiving, storage, processing and shipping industry in Kansas. KGFA's membership includes over 950 Kansas business locations and represents 99% of the commercially licensed grain storage in the state. KARA is an agribusiness industry trade association with membership of over 700 companies across Kansas. Renew Kansas Biofuels Association is the trade association of the Kansas biofuels industry.

Across Kansas, our member grain elevators, ethanol plants, and agribusiness facilities pay millions of dollars annually in property taxes that help fund schools and provide local government services. In recent years, however, that property tax burden has grown exponentially through unreasonable increases in assessed property valuations. These valuation increases have resulted in massive increases in property taxes on our members.

Our members generally operate on tight margins, and the ability to operate a competitive or profitable business is often determined by the amount of fixed costs they must shoulder, such as taxes. For this reason, our associations oppose any legislation that might further increase property taxes or weaken the right to appeal a valuation.

We understand the intent of House Bill 2272 is to ensure that taxes paid under protest are not budgeted for expenditure by local taxing authorities. The bill would prohibit a county treasurer from distributing any portion of a tax payer's residential or commercial property taxes when those taxes exceed the preceding year's taxes (by \$500 for residential, and \$5,000 for commercial), and are paid under protest. The bill requires the escrowing of those taxes during protests concerning proper classification and valuation. These protest payments would be placed into an escrow account until such time as the tax appeal is final.

This bill represents a reasonable and practical change to the current property tax system. The change would benefit both taxpayers and the taxing authority. The tax authority would be better able to accurately budget for the upcoming budget cycle by identifying, and then temporarily excluding, any funds that are still subject to an appeal. This creates a bright-line standard in the budget process that would set aside funds from being encumbered or otherwise included in the budget. This would allow for a more accurate budget, and would also preclude the need to create a budget line-item for refunds to a taxpayer following a taxpayer's appeal.

Thank you for allowing us the opportunity to testify in support of House Bill 2272. We respectfully request that the committee pass the bill out favorably and will stand for questions at the appropriate time.