



KANSAS
ASSOCIATION OF
COUNTIES

715 SW 10th Avenue • Topeka, KS 66612
785-272-2585 • www.kansascounties.org

House Taxation Committee
February 1, 2022
SB 318

Kansas Association of Counties
Neutral Testimony

Chairman Smith and members of the Committee:

Thank you for allowing the Kansas Association of Counties to offer testimony on SB, which would provide sales tax relief for fencing and other materials that were lost as a result of the December wildfires.

KAC is not raising any concerns to the base bill relating to sales taxes for fencing and materials. The Senate Committee, however, amended the bill to insert the contents of 2020 Special Session SB 2, as amended by the Senate Committee on Assessment and Taxation, concerning property tax abatements for disaster-destroyed property, with an additional provision to provide for retroactive applications for abatements. The Senate Committee of the Whole further amended the bill to clarify provisions by giving county commissions broader authority to consider budgetary constraints in granting abatements.

While the Senate Committee of the Whole clarifications were a necessary step, the situation regarding the tax abatement is still complex. Taxes are assessed based on the valuation as of January 1 of the calendar year. The property is valued at that amount. SB 318 as amended would allow for properties that are damaged by disasters to have their property tax abated for that year, or receive a credit for taxes paid. This is problematic because it does not treat all property owners equally. A property owner that, for example, has their home destroyed in a smaller event that does not rise to the level of a gubernatorial disaster declaration would not be eligible the same relief as a property owner who experienced loss in a larger event.

Expanding eligibility, however, would make the job of the county appraiser almost impossible, as they would have to visit and review properties after any event to change the valuation during the tax year. This would make tax receipts extremely unpredictable. Because county budgets are based largely on property taxes, changing valuations during the tax year could create substantial budget uncertainty for counties and smaller taxing subdivisions.

This also creates a situation that could leave a smaller taxing subdivision without a property tax base. An event could be large enough to substantially damage a significant portion of a township, city, or other special district. If the taxes in that area are abated, that would leave no property tax base for those smaller taxing subdivisions to draw upon, or would shift the entire tax burden onto the remaining properties in the taxing subdivision. In addition to the uncertainty that this would create, it could destroy the budget for necessary services in the aftermath of a disaster. This would be a bad outcome for not only those residents who are attempting to rebuild, but also for those whose property was not damaged.

While the motivation for this amendment was good, the potential for problems in implementation is very high. For that reason, we would ask that this amendment be removed from this bill and re-examined, while not preventing the base bill from moving forward.

Thank you for your time and consideration.

Jay Hall
Deputy Director and General Counsel
Kansas Association of Counties
hall@kansascounties.org
(785)272-2585