KCCA
KANSAS COUNTY
COMMISSIONERS
ASSOCIATION

Testimony

Senate Bill 196
Restoring the Local Ad Valorem Tax Reduction Act

Senate Assessment and Taxation Committee
January 11, 2024

The Kansas County Commissioners Association supports Senate Bill 196 which restores the Local Ad Valorem Tax Reduction Act.

After 20 years of denying that critical funding to local governments, it is past time for the Kansas Legislature to follow the spirit of the law, keep the promise made decades ago and restore the traditional partnership between cities, counties and state governments.

From 2004 through 2023, local governments have lost about $2-billion in legally owed LAVTR revenues withheld by Kansas Legislature. Every dollar would have gone to off-setting property tax increases.

The money comes from sales tax collected by the state. Since 1937 the Legislature agreed to share sales tax dollars with local governments with the express purpose of reducing reliance on property taxes to pay for such services as police and fire protection, parks, streets, jails, elections and many other services county governments are required to provide.

Local governments gave-up the ability to impose certain local taxes in exchange for the state to collect those dollars and return a share of them. Going back more than 20 years the State of Kansas, struggling with massive budget shortfalls, began slashing millions of dollars intended for local governments every year. Those cuts now total billions of dollars.

LAVTR is not the only promised and legally owed revenues not being paid to cities and counties.
In addition to not sending the Local Ad Valorem Tax Reduction dollars, the Legislature has broken its commitments by not funding the City County Revenue Sharing Fund (CCRS) and the Special City-County Highway Fund (CCRS).

The total dollars owed but not paid to cities and counties since 2001 is more than $3.5-billion.
But those aren't the only legislative decisions which have impacted local property taxes.

In 2006, the Kansas Legislature repealed the property tax on commercial/industrial machinery and equipment. That decision shifted the tax burden of paying for police, fire, street repairs and other services onto homeowners and small commercial businesses. And to make matters worse, after only one year the Legislature broke its agreement with local governments to help ease the severe sudden loss of those tax dollars no longer being paid on machinery and equipment.

In 2014, the Kansas Legislature eliminated the Mortgage Registration Fee. That fee, which had been enshrined in Kansas law since 1925, paid for government services the banking and lending industry used. The revenue helped fund parks and recreation programs. Elimination of the Mortgage Registration fee was another tax shift on everyday taxpayers. It's cost Kansas counties millions in lost revenue.

At the same time, state lawmakers dumped more duties on counties to perform on behalf of the state. District courts, community corrections, mental health, register of deeds, vehicle registrations, elections and tax collections are all state duties performed and paid for by county taxpayers. It is a lopsided relationship.

Kansas residents will be better served if the traditional partnership between local governments and the state government is restored and we all once again work with each other to address the goal of lower property taxes. The traditional partnership between local governments and the state needs to be repaired and restored. We should by passing Senate Bill 196 and restoring the LAVTR promise.

How LAVTR Would Offset Local Property Taxes in Select Counties

County	Mills
Allen:	3.2 mills
Andersen:	2.7 mills
Bourbon:	4.5 mills
Dickinson:	3.0 mills
Franklin:	3.2 mills
Geary:	4.7 mills
Johnson:	2.3 mills
Leavenworth:	3.5 mills
Labette:	4.8 mills
Montgomery:	3.5 mills
Miami:	2.7 mills
Neosho:	4.3 mills
Riley:	3.7 mills
Saline:	3.3 mills
Sedgwick:	3.5 mills
Shawnee:	3.5 mills

Fully restoring LAVTR statewide would offset property taxes by nearly 300 mills combined.

The Kansas County Commissioners Association is represented by:
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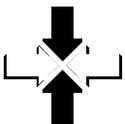
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