



# *Testimony*

## **House Bill 2815**

### **Eliminating the Local Ad Valorem Tax Reduction Act and Other Local Government Funding**

#### **House Taxation Committee**

**March 13, 2024**

The Kansas County Commissioners Association opposes House Bill 2815. The KCCA represents the elected Commissioners in all 105 counties. That's 362 elected leaders. It's a very diverse, bipartisan group. Republicans. Democrats. Rural. Urban. All of them work to serve their communities.

Kansas Legislatures have denied this and other critical funding to local governments for 20 years. 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.

The total dollars owed but not paid to cities and counties since 2001 is more than \$3.5-billion. It's no wonder local property taxes have increased. 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In 2006, the Kansas Legislature repealed the property tax on commercial/industrial machinery and equipment.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.

Now House Bill 2815 would permanently eliminate the Local Ad Valorem Tax Reduction dollars, the City County Revenue Sharing Fund (CCRS) and steal a piece of funding that is supposed to go to the Special City-County Highway Fund (CCRS).

At the same time, state government dumped more duties on counties to perform on behalf of the state. Sheriffs, jails, district courts, community corrections, public health, 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.

Some accuse local governments of not using the LAVTR dollars to reduce property taxes. It's not true. The state budget form local governments must fill-out deducts the amount of LAVTR dollars from the total budget before the mill levy is ever applied.

HB 2815 proposes reducing the state mill levy from 20 mills to 18 mills. But funding LAVTR at the percentages called for in statute would reduce mill levies far more than that. In most counties it would cut mill levies 3 to 4 mills. In some counties the property tax cut is more than 4 mills.

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.

**How LAVTR Would Offset Local Property Taxes in Select Counties**

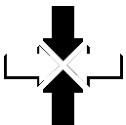
Allen:	3.2 mills
Andersen:	2.7 mills
Bourbon:	4.5 mills
Dickinson:	3.0 mills
Franklin:	3.2 mills
Geary:	4.7 mills
Johnson:	2.3 mills
Leavenworth:	3.5 mills
Labette:	4.8 mills
Montgomery:	3.5 mills
Miami:	2.7 mills
Neosho:	4.3 mills
Riley:	3.7 mills
Saline:	3.3 mills
Sedgwick:	3.5 mills
Shawnee:	3.5 mills

**The Kansas County Commissioners Association is represented by:**

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