

CITY OF



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Testimony in Opposition to House Bill 2815
House Committee on Taxation

Jon Quinday, City Manager
City of Russell, Kansas

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Honorable Chairman Adam Smith and Members of the House Committee on Taxation,

I stand before you to oppose HB 2815, a bill that would abolish the Local Ad Valorem Tax Reduction (LAVTR) Fund, City/County Revenue Sharing Funds, discontinue certain transfers to the Special City and County Highway Fund, and decrease the rate of ad valorem tax imposed by school districts. This legislation poses a grave threat to our communities and schools, exacerbating economic hardships and imposing undue burdens on our citizens through increased property taxes.

Eliminating or the continued omission to budget for these vital funds will directly harm our citizens and local economies. Historical data unequivocally demonstrates that fully funding these funds significantly reduces the property tax burden on citizens and helps maintain lower mill levies. They are indispensable tools for ensuring fair taxation and economic stability at the grassroots level.

Moreover, existing sales tax collections already include provisions for remitting some funds to cities and counties. Abolishing these funds would continue to withhold revenue from Kansas's communities and allow the state to continue withholding the funds instead of returning them to cities and counties for a tax rate reduction. The purpose of the LAVTRF is embedded in its name: Local Ad Valorem Tax Reduction.

I urge you to explore alternative solutions that prioritize fairness and accountability. One solution is fully funding the LAVTRF and requiring taxing entities to proportionally lower ad valorem property tax levies. This approach ensures that funding benefits directly translate into relief for property owners.

Though challenges exist in budget certification and valuation assessment timing, they can be overcome through careful planning and collaboration between state and local authorities. By fully funding the LAVTRF and implementing a 1:1 reduction in local property tax, we can provide meaningful tax relief while maintaining essential services.

Our city, Russell, serves as a testament to prudent fiscal management, consistently aligning its decisions with the community's values and needs. As highlighted in the table below, our effective and efficient use of resources, including strategic staff realignment and a relentless pursuit of cost-effective solutions, has been instrumental in maintaining fiscal stability.

Budget Year	City Levy	Library Levy	RRC Levy	Total Levy	City Valuation	City Property Tax Revenue*
2014	56.234	4.410	3.393	64.037	\$28,677,204	\$1,612,634
2015	54.759	4.499	3.988	63.246	\$29,092,064	\$1,593,052
2016	54.833	4.448	3.806	63.087	\$29,587,263	\$1,622,358
2017	54.568	4.437	3.922	62.927	\$29,567,263	\$1,613,426
2018	54.421	4.536	3.852	62.809	\$29,516,216	\$1,606,302
2019	54.193	4.639	3.789	62.621	\$29,487,678	\$1,598,026
2020	53.747	4.749	3.991	62.487	\$29,962,691	\$1,610,405
2021	53.588	4.764	3.991	62.343	\$28,121,711	\$1,506,986
2022	53.107	5.088	3.989	62.184	\$27,308,304	\$1,450,262
2023	53.911	4.259	4.000	62.170	\$32,951,842	\$1,776,467
2024	53.588*	4.262	4.000	61.850	\$35,218,157	\$1,887,271

In 2014, our property tax revenue stood at \$1,612,634; by 2023, this figure had modestly risen to \$1,776,467 - a mere 9.2% increase over a decade, an average of 0.92% annually. This growth pales compared to the cumulative inflation rate of 27.90% during the same period, a 2.79% annual average. If Russell had kept up with the inflation rate, we would have had to raise \$2,062,499 in property taxes to maintain the same purchasing power as in 2014. Our efforts have kept us well below that threshold. Our total levy has declined each year; however, we are at the capacity of doing more with less.

Acknowledging our city's significant challenges in keeping property taxes down over the past decade is imperative. Of note is the 2006 legislature's decision to exempt machinery and equipment from taxation, which profoundly impacted local budgets across Kansas. This exemption was intended to be offset by the funding of LAVTR to alleviate the financial strain on local governments. Unfortunately, this anticipated funding through LAVTR did not materialize as expected, leaving communities grappling with unforeseen fiscal challenges.

In conclusion, I implore you to reject HB 2815 and pursue solutions that uphold fairness, transparency, and economic prosperity for all Kansans. I appreciate your dedication to addressing property tax issues. Together, let us strive for a brighter future for our communities.