

**Testimony by Charlie Hunt with the Johnson County Department of Health & Environment (JCDHE) to House Committee on Taxation
Written Opponent for HB 2815 – March 13, 2024**

Chairman Smith and Members of the Committee,

Thank you for the opportunity to provide written testimony in opposition to House Bill 2815, a bill which seeks to abolish the local ad valorem tax reduction fund (LAVTR), abolish the county and city revenue sharing fund (CCRS), and discontinue certain transfers to the special city and county highway fund. JCDHE's mission is to promote and protect the health and environment for all who live, work and play in Johnson County.

LAVTR was established as a demand transfer back in the 1930s with the purpose to reduce local property tax collections and has stood on the statute books since then, despite not being funded as of 2004.ⁱ CCRS payments ended at the same time and had served as a demand transfer since 1978 as part of a state-local agreement revolving around several different taxes.ⁱⁱ Since then, we have seen increased local property tax pressure, as the state has refused to resume these transfers. HB 2815 now seeks to do away with the obligations outright.

As a local health department, JCDHE is concerned with the sustained impact of these transfers not being funded and the notion that the obligation should just disappear. Restoring funding to these funds offers far more value to those who reside in Kansas than a two-mill reduction in the statewide school levy. Evidence suggests that higher property taxes increase mobility among older homeowners seeking to escape the increases, with homeowners over the age of 50 increasing their two-year mobility rate by 0.73% for every \$100 increase in annual property taxes.ⁱⁱⁱ In 2018, the 20% of taxpayers with the lowest incomes paid 4.2% of their income in property taxes, whereas middle-class taxpayers paid 1.7% and wealthy taxpayers only 1%.^{iv}

Evidence shows a clear link between housing stability and improved health and reduced health care costs. Safe, stable and attainable housing is a priority in our current Community Health Improvement Plan. If the Kansas Legislature wants to help on property taxes, then restoration of LAVTR and CCRS, along with sustained support for the special city and county highway fund, will enable local elected officials to take the best strategic steps in their communities to provide relief and let people live at their healthiest and happiest. This bill would eliminate the best chance at true property tax relief for those in need of it; a sad ending to 20 years of neglect.

JCDHE asks that the committee not recommend HB 2815 favorably for passage.

Sincerely,

Charlie Hunt, Director
Johnson County Department of Health & Environment

ⁱ Kansas Association of Counties, *County Comment* (June 2023), "What is LAVTR?":
<https://www.kansascounties.org/legislative/kansas-counties-toolkit/local-ad-valorem-tax-reduction-fund-lavtr-toolkit/local-ad-valorem-tax-reduction-lavtr-article-series-what-is-lavtr-lavtr-part-1-a-history-lesson-part-2-learning-from-loss>

ⁱⁱ League of Kansas Municipalities, *Kansas Government Journal* (December 2018), "The Impact of Demand Transfer Losses":
http://kslegislature.org/li_2020/b2019_20/committees/ctte_s_trnsprt_1/documents/testimony/20190312_16.pdf

ⁱⁱⁱ *Journal of Urban Economics* (March 2010), "Property taxes and elderly mobility":
<https://www.sciencedirect.com/science/article/abs/pii/S009411900900059X?via%3Dihub>

^{iv} Institute on Taxation and Economic Policy, "Property Tax Circuit Breakers in 2019" (September 2019):
<https://itep.org/property-tax-circuit-breakers-2019/>

