

Thank you, Madam Chair, for the opportunity to testify in front of your committee today. Two years ago, the Kansas legislature passed SB 13, which requires counties to send out tax notices to taxpayers when the revenue neutral rate is exceeded. That bill contained a provision that reimbursed the counties from the state general fund for the cost of sending out the tax notices. That provision only extends through 2023. This bill would make that provision permanent. The counties would be permanently reimbursed for the cost of sending out the tax notices. I believe it's important to avoid imposing a new unfunded mandate on the counties. Imposing an unfunded mandate on the counties could actually cause property taxes to increase in the future. The fiscal note on the bill states that the maximum transfer from the state general fund to the Taxpayer Notification Costs Fund would be approximately 1.3 million in tax year 2024. This is a very small increase in spending compared to the overall budget, and it's necessary in order to prevent an unfunded mandate on the counties.

Some people may argue that it's not actually an unfunded mandate, because the counties don't have to send out the tax notices unless they exceed the revenue neutral rate. However, I think it's hard for the counties to not exceed the revenue neutral rate year after year, particularly in an inflationary environment. In recent years, the rate of inflation has been between 5% and 10%. Counties also have a lot of mandatory expenses that they can't control, such as health insurance costs. Health insurance costs rise significantly in inflationary environments. I recognize that property taxes have risen significantly in our state in recent years, and I did vote for the original bill to require local governments to be transparent. However, I think it's hard for local governments to not increase property tax revenue by even a single dollar, especially in a high inflationary environment. Transparency is a good thing, and I don't advocate repealing the transparency law that we passed. However, I just believe that we need to permanently extend the provision which reimburses the counties for the cost of sending out the tax notices.

Additionally, I would just point out that the tax notices have to be sent out if even a single taxing entity within the county exceeds the revenue neutral rate. For example, if one cemetery within the county decides to raise their mill levy, the county has to send out the tax notices to taxpayers. You could have a situation where every taxing entity within the county except for one stays under the revenue neutral rate, but the county still has to send out the tax notices simply due to one entity exceeding the revenue neutral rate. I think this illustrates how hard it is for a county to avoid staying under the revenue neutral rate each year.

I believe the main purpose of the original bill that was passed was transparency, to let taxpayers know exactly how much their taxes are going up each year. By doing that, our goal was for them to show up to the open meeting and put pressure on their county commissioners to keep property taxes under control. This bill will have no affect on requiring counties to be transparent regarding property taxes. The purpose of the bill is simply to avoid imposing additional costs on the counties.

*Brett Fairchild*

Brett Fairchild-State Representative-113th District