



KANSAS
ASSOCIATION OF
COUNTIES

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Senate Ways and Means Committee
March 15, 2023
SB 309

Kansas Association of Counties
Opponent Testimony

Chairman Billinger and members of the Committee:

Thank you for allowing the Kansas Association of Counties to offer opponent testimony on SB 309, which would create both the fixing instant revenue shock for taxpayers fund (FIRST) and the local extraordinary needs fund, while eliminating the Local Ad Valorem Tax Reduction Fund (LAVTR).

While the Kansas Association of Counties supports the concepts of both funds, there are several concerns that give our association and members pause. First and foremost these funds, as with all state expenditures, are subject to continuing appropriations. While the current legislature may fund this, future legislatures may not, creating a revenue shortfall that would substantially impact local governments. County governments have lost funding sources in the past, whether that be the City-County Revenue Sharing (CCRS), Local Ad Valorem Tax Reduction (LAVTR), Equipment and Machinery Taxes, Mortgage Registration fees, etc. Losing these revenue streams created a gap that had to be filled by local property taxes. These have been ongoing loses. If FIRST or Extraordinary Needs Fund suddenly went unfunded, that revenue loss immediately shifts back to local governments and, because county government is funded primarily by property taxes, to local property taxpayers.

Secondly, while these funds would certainly be helpful to local government to assist in filling gaps created by state legislation or by extraordinary needs, the cost of this would likely exceed the cost to simply leave county government whole to begin with. Its more efficient to allow counties and cities to simply retain the current revenues generated by sales and compensating use taxes than to create new funds that must be managed and overseen.

Finally, loss of sales and compensating use tax revenue could impact the budgeting process. Local governments are required to adhere to the Revenue Neutral Rate laws. The unpredictable nature of this funding could hamstring some counties as they determine their budgets, unsure of whether their sales and compensating use tax revenues will be impacted by legislative action and how that may affect their budget.

For these reasons, despite supporting the concepts presented, KAC cannot support SB 309. Thank you for the opportunity to present this perspective on this legislation.

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