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City Hall
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Date: March 6, 2019
To: Chairman Johnson and the House Committee on Taxation
From: City of Overland Park
Re: Written Testimony in Support of HB 2345

Thank you for allowing the City of Overland Park to submit testimony in support of HB 2345. The current property tax lid law discourages local taxing units from lowering property taxes, because once lowered that decreased amount is subject to same tax lid restrictions. We support passage of HB 2345 to resolve this issue.

Cities conduct a careful analysis of the level of taxation needed each year to provide essential services to their citizens. However, under the current property tax lid law, cities have a disincentive to lower property taxes when it's feasible for them to do so. For example, if a city's property tax revenue was \$1,000,000 in 2018, and they lowered it to \$900,000 in 2019, in 2020 they could only raise \$900,000 plus a CPI adjustment. Cities are currently unlikely to implement such a decrease because they'll diminish their ability to pay for future expenses that their community may need.

HB 2345 would resolve this issue by permitting cities to levy property taxes at the level of any of the previous seven years. For example, if a city's property tax revenue was \$1,000,000 in 2018, and they lowered it to \$900,000 in 2019, in 2020 they could now raise \$1,000,000 plus a CPI adjustment. This new flexibility will make cities much more comfortable lowering property tax levels when they're able to do so.

Thank you for allowing the City to testify in support of this important legislation. We respectfully request that the Committee advance HB 2345 to the full House for approval.