Kansas Grain and Feed Association
Kansas Agribusiness Retailers Association
Renew Kansas Association
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Date: March 6, 2019
To: House Committee on Taxation
From: Randy E. Stookey, Senior Vice President of Government Affairs
RE: Joint Neutral Written Testimony on HB 2345, tax lid exception for higher budget in prior seven years.

Chairman Johnson and members of the committee, thank you for the opportunity to provide testimony on House Bill 2345. This testimony is submitted jointly on behalf of the Kansas Grain and Feed Association (KGFA), the Kansas Agribusiness Retailers Association (KARA), and Renew Kansas Association.

KGFA is the state association of the grain receiving, storage, processing and shipping industry in Kansas. KGFA's membership includes over 950 Kansas business locations and represents 99% of the commercially licensed grain storage in the state. KARA is an agribusiness industry trade association with membership of over 700 companies across Kansas. Renew Kansas Association is the trade association of the ethanol and biofuels industry in Kansas.

Across Kansas, our member grain elevators, ethanol plants, and agribusiness facilities pay millions of dollars annually in property taxes that help fund schools and provide local government services. In recent years, however, that property tax burden has grown exponentially. Our members generally operate on tight margins, and the ability to operate a competitive or profitable business often is determined by the amount of fixed costs such as taxes. For this reason, our associations fully support the current election requirement as adopted by the legislature and set forth in Kansas law, and generally oppose additional exceptions to the requirement.

We understand the intent of House Bill 2345 to be the creation of an additional exception from the statutory election requirement for cities and counties when attempting to increase an annual budget beyond five years average inflation. This additional exception would allow a 7 year look back period, where a city or county could increase its budget up to a higher limit established within the last 7 years. Built in to this exception is the assumption that the city or county would have lowered its annual budget at some point during the preceding seven years.

It could be argued that the current election requirement has a "use it or lose it" feature, that might disincentive a taxing authority from lowering its annual budget. If the statutory change provided by House Bill 2345 might encourage a taxing authority to consider lowering its annual budget in any given year, then we would not oppose such a change.

Thank you for allowing us the opportunity to testify on House Bill 2345.