

To: Senate Assessment and Taxation

From: Trey Cocking, Deputy Director

Date: January 16, 2019

RE: Testimony in Support of Section 5 of Senate Bill 13

Good Morning Madam Chairman, and thank you for allowing the League of Kansas Municipalities to testify in support of SB 13. Last year, the League and the Kansas Association of Counties engaged the opponents of the original bill HB 2626 to develop a compromise to allow smaller units of governments to dissolve into a city or county; the compromise language is reflected in Section 5 of SB 13. In addition, Section 5 of SB 13, represents that compromise with the following language added, “so long as the levy increase does not exceed the levy of the dissolved taxing entity.”

The imposition of tax lid made it extremely difficult for a smaller unit of government to be dissolved into a city or county because there is not currently a mechanism to transfer the taxing authority of the smaller unit. Without being able to maintain the current funding levels, in most cases, it is not feasible for the larger unit of government to take on additional responsibilities. This bill is about less government, as this bill provides an avenue for an entity to be dissolved into a city or county resulting in a smaller number of governmental entities. The passage of Section 5 of SB 13, over time, should result in less expense to taxpayers as administrative expenses will be reduced.

The League is aware of at least two instances where this bill would make it possible for one unit of government to be dissolved into a city. These dissolutions would not occur without the passage of Section 5 of SB 13, since both boards levy property taxes, and the city cannot absorb the duties and responsibilities without taking on some of the taxing authority of the dissolved board.

The passage of this bill would be good news for taxpayers since the overall level of property tax should remain the same at first and, potentially over time, the levies will be reduced due to increased efficiency.

On behalf of the cities of Kansas, we thank you for the opportunity to appear before the committee today. We look forward to working with you to address this unintended consequence of the tax lid.