



**Oral Testimony in Opposition before the
Senate Committee on Assessment and Taxation**

on

**SB 294 - Establishing notice and public hearing requirements prior to approval by a governing body to
exceed its certified tax rate for property tax purposes**

by

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Madam Chair, Members of the Committee:

Thank you for the opportunity to testify on **SB 294**. As we understand the bill, it would add new public notice, mailing and hearing requirements for local units, including school districts, to raise any property tax revenue over the previous year.

We appear in opposition based on three major concerns.

First, under the Kansas school finance formula, virtually all funds are already subject to budget limits or public notice and protest requirements, or both. Most school district funds are also subject to state equalization factors. Based on changes in assessed valuation per pupil, school districts may gain or lose state aid, which determines how much property tax is needed to their authorized budget, which could trigger the requirements of this bill.

Second, it appears the timelines provided in this bill would be very difficult to accomplish for school districts whose budgets must be approved by August 25.

Third, in any year that school district property tax revenues would increase over the prior year, whether for enrollment increases, changes in state aid, bond issues, inflation or other costs, this bill would require public notice and taxpayer mailings that would add unknown additional, non-instructional costs.

School districts receive tax revenue from the following major funds:

Statewide mill levy. The 20-mill statewide levy is excluded from this bill, meaning it would not apply to the state major property tax source. We suggest other school levies should not be included.

Local Option Budget. The LOB is adopted as a percentage of the school district's general fund, which is set by the state through base state aid per pupil multiplied by weighted enrollment, plus special education state aid. The LOB is already capped at 33 percent of the general fund, and any amount over 30 percent is subject to protest petition. In addition, state law requires all districts to adopt at least a 15 percent LOB.

To fund the LOB, a calculation is made to determine how much state equalization aid the district will receive, if any, based on the assessed valuation per pupil of the district compared to all other districts. The balance is raised by local property tax. Therefore, under this bill, a district may have to go through the public notice and individual mailing process in order to (1) comply with the minimum LOB law, (2) maintain the same percentage of the general fund set by the Legislature up to 30 percent or (3) maintain a LOB between 30 and 33 percent that has already been through the protest petition process.

Capital Outlay. Districts may adopt a capital outlay levy of up to 8 mills. This mill levy is subject to protest petition and possible election every four years. A district may also qualify for state equalization aid based on the amount raised by the mill levy. Under this bill, a district may have to go through the public notice and individual mailing process in order to maintain the mill rate already approved or not protested by voters.

In both cases, school boards are not required to use the full authority each year. But for any year the board decided to use a lower amount of LOB or Capital Outlay, they might have to go through this process to return to previously authorized levels. Lower LOB or capital outlay levels could also reduce the district's state aid.

Capital improvement (Bond and Interest). Bonds for school facilities must be approved by local voters, and are paid with property taxes, and if the district qualifies, state equalization aid. A district might have to go through the process of notice and mailings simply to adopt a mill levy required to pay to bonds already approved by voters.

Cost of Living and Ancillary Weighting. These are special school finance weightings funded by local property tax. There are used by a limited number of districts but include some of the largest in the state. Cost-of-living weighting allows districts to raise additional funding based on high housing costs; ancillary weighting is based on rapid enrollment growth.

The cost-of-living weighting is subject to protest petition. Ancillary weighting must be approved by the State Board of Tax Appeals. Under this bill, districts might have to go through the additional process to fund authority that has already been subject to voter protect or capped by the state.

Procedural concerns. School district budgets must be adopted by Aug. 25. Unless this bill intends to change that date to Sept. 15, school districts and counties would have an extremely tight timeline between review by the state (Aug. 1 deadline), publishing notice in local newspaper (especially if weekly) and allow the county to mail individualized notices 10 days prior to a public hearing no later than Aug. 25, and finally, to coordinate with all other tax units to avoid meeting at the same time.

Cost. One of the major concerns is the unknown cost of individualized mailings to each taxpayer. This would be a "non-instructional, non-classroom" expenditures to raise revenue to fund budgets already capped by the state and in most cases already subject to protest petition or voter approval.

Thank you for your consideration.