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J. RUSSELL JENNINGS
122ND DISTRICT

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**REPRESENTATIVE J. RUSSELL JENNINGS
TESTIMONY BEFORE SENATE COMMITTEE
ON ASSESSMENT AND TAXATION
SB 277**

Madam Chair and Committee Members:

Thank you for the opportunity to appear before you to testify regarding SB 277.

Every two years the legislature considers reauthorization of the 20 mill statewide property tax to support education. The 20 mill rate was established in 1998 after the legislature reduced the rate from 27 mills to 20. That year the legislature also granted an exemption to the first twenty thousand dollars of assessed value for residential property from the tax. The rate and exemption have not changed in twenty-two years. Over that time the assessed valuation subject to this tax has doubled from \$19 billion in 1998 to 38 billion in 2019. Revenues from the tax have increased from \$338.6 million to \$711.7 million. On average, the increase has amounted to 3.6% per year for this period. During the same period the average of the three year average of the Midwest CPI has increased 2% per year.

In 2019 each mill raised approximately \$36 million. From 2018 to 2019 the increase in tax collections year over year was \$32.2 million, approximately a 4.739% increase. Each of the last three years for which data is available, the increase in tax revenue has been above \$30 million year over year.

The property tax burden on Kansans is growing every year. Efforts by the legislature to reduce the property tax burden in large part have been ineffective. We have often looked at local units of government as the problem and have never looked at ourselves as state government as contributing to this burden. I think the time has come to lead by example. I have attached a draft balloon amendment for your consideration. This amendment would reduce the 20 mill tax rate to 19 this year and 18 next year. This reduction would provide slightly over \$100 million in property tax relief to all property tax payers including seniors, families and businesses over the two years.

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Years ago the legislature adopted legislation to provide Local Ad Valorem Property Tax Relief (LAVTR). This legislation was to provide funding to local government to reduce the property tax burden on people and business through a distribution formula. If the legislature funded this item there would be approximately \$54 million annually in property tax relief. Unfortunately, it has been many years since this promise was kept. It seems to me that we have trouble in keeping our promises. Reducing the statewide mill levy will force us to keep the promise of property tax relief.

The Governor recently issued a press release that suggested support for a recommendation from her tax council that would double the residential exemption from \$20 thousand to \$40 thousand at a cost of approximately \$45 million per year. Evidently the Governor might agree time has come to make a change. The problem with this approach is that the relief would only be felt by residential tax payers and business would be completely left out of the equation and the value of the relief would only be \$45 million per year rather than \$71 million per year that would be gained by reducing the mill levy.

In addition to the proposed balloon amendment, I have attached to my testimony a table of values relating to the history of the statewide mill levy for education which I have used to inform the calculations used for my testimony today.