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Written Proponent Testimony

SB 277 – Re-authorization of the 20-mill levy and the $20,000 exemption for schools

Presented to the Senate Committee on Assessment and Taxation
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By

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Chairwoman Tyson, Vice Chairman Alley, Ranking Minority Member Holland and Members of the Committee:

In order to partially fund State Foundation Aid payments to schools, SB 277 re-authorizes the 20-mill rate at which all taxable tangible property of a school district is taxed. This would authorize the rate through the 2022 – 2023 school year. In addition, the exemption of the first $20,000 of the appraised valuation of residential property, would be extended through tax year 2022.

Both of the 20-mill levy and the $20,000 exemption for residential property has been in place for many years. The 20-mill levy serves to assist in financing State Foundation Aid in the school finance formula and the $20,000 exemption for residential property serves as a means to reduce some of the property tax burden on those who own residential property.

We urge the re-authorization of the 20-mill levy to enable the partial financing of the State Foundation Aid for schools. In addition, we support continuing the $20,000 exemption for residential property.

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We also wish to use this opportunity to respectfully ask that the Senate Committee on Assessment and Taxation strongly consider re-instating the school district exemption from the from the provisions recently included in SB 13. While we believe tax transparency is important for the public, district budgeting processes and timelines are very different than those of municipalities.

The deadlines are problematic for school districts because of the following:

1) Current statutes stipulate that school districts must not only adopt their budgets by August 25, but the budget also must be submitted to the County Clerk no later than August 25th. [A public hearing is required to be held before the approval of the budget. Ten days prior to the hearing, the notice must be published.]

2) SB 13, as amended by the House and concurred with by the Senate, will add, an additional date, July 15th, by which districts must notify the County Clerk if they will exceed their revenue neutral rate. [Districts often do not have the KSDE budget worksheets to calculate budgets by that time. To meet the deadline in the Act, those worksheets would need to be available mid-May to meet the July 15th deadline. The worksheets are based on the end of the year appropriations for school districts. Based on what is often Mid-May when those end-of-the-session appropriations are finalized, KSDE would have virtually little to no time to make the necessary adjustments to reflect legislative actions.]

3) Districts cannot hold a hearing prior to August 10, but still must meet the August 25th deadlines for budget approval and submission of the budget to the County Clerk.

Mill levy rates and caps that relate to school districts are established by the school finance formula and other related laws. Many are designed to provide equity in taxation across the state, therefore, every school district levy is subject to a mill rate cap or a budget limitation. There is concern that by not exempting school districts from a law which is really designed for municipalities, the public will be confused and will be led to believe that certain levies are subject to petition, when they are not.

School districts are already required to be transparent and must provide much of the Act's required information, and much more, on their website. If more information is needed, it would be more workable for school districts if such information would be addressed by a separate law, thus tailoring such a request to the time frame in which school districts must operate and the procedures they are expected to follow.

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Again, we urge the passage of SB 277 and we respectfully ask that you strongly consider an amendment that provides for exempting school districts from the Act as you did in the original SB 13.

Thank you for your consideration of SB 277 and of our request.