



House Taxation Committee  
March 13, 2024  
HB 2815

Kansas Association of Counties  
Opposition Testimony

Chairman Smith and members of the Committee:

Thank you for allowing the Kansas Association of Counties to offer opposition testimony HB 2815, which would abolish the local ad valorem tax reduction fund (LAVTR) and the county and city revenue sharing fund (CCRS), as well as discontinuing transfers to the special city and county highway fund (SCCHF).

The concept of revenue sharing between the state and local governments has existed since 1937. As the great depression wound to a close, state leaders felt it prudent to help local governments keep property taxes down by sharing state revenues with local governments. This partnership continued in various forms until the 1960’s, when LAVTR was formally placed into statute.

These distributions ceased in 2003 and have not been revived. Instead, the state has kept it.

When the state took over revenues from cigarette and liquor taxes, that revenue, which had previously been collected at the local level, was replaced through an agreement to share revenues with cities and counties through CCRS. This was memorialized in statute in 1978 in a state and local partnership.

These distributions ceased in 2003 and have not been revived. Instead, the state has kept it.

The state implemented motor fuel taxes in the 1920s to help construct and maintain roads. Those laws were changed in the 1930s, with distributions to local governments beginning in 1949. The Special City and County Highway Fund was formally created in 1949. Since 1983, the distribution of motor fuel taxes to the SCCHF has fallen from 44.40% to the current 33.63%. The table below shows how the percentages have changed over the last 40 years.

Year	SCCHF	State Highway Fund	State Freeway Fund
1983	7/1/1983: 44.40%; 1/1/1984: 40.50%		7/1/1983: 55.60%; 1/1/1984: 59.50%
1999	7/1/1999: 40.45%; 7/1/2001: 38.45%; 7/1/2003: 36.65%; 7/1/2020: 44.70%	7/1/1999: 59.55%; 7/1/2001: 61.55%; 7/1/2003: 63.35%; 7/1/2020: 55.30%	
2002	7/1/2002: 35.40%; 7/1/2003: 33.63%; 7/1/2020: 44.70%	7/1/2002: 64.60%; 7/1/2003: 66.37%; 7/1/2020: 55.30%	
2010	33.63%	66.37%	

The portion of funds impacted in this legislation is the property taxes on commercial motor vehicles, as well as commercial vehicle fees. This portion of the revenue is in addition to the fuel taxes as a partnership to help support local road maintenance.

These were to be distributed as a demand transfer but have not been made since FY 2010. Instead, the state has kept it.

LAVTR was designed to help offset the local property tax burden with state sales tax receipts. That revenue has been lost locally, with the state keeping that revenue instead.

CCRS was designed to replace the lost tax revenue of cigarette and liquor taxes. The state agreed to replace that lost revenue with CCRS. That revenue has been lost locally, with the state keeping the revenue instead.

SCCHF was designed to help offset costs of road and bridge maintenance locally. This revenue is particularly important to counties, which maintain over 113,000 miles of road in Kansas (80% of the total road miles), as well as roughly 75% of the 25,000 bridges across the state. This revenue has also been lost locally, with the state keeping the revenue instead.

Rather than keeping this revenue at the state level, KAC respectfully asks the committee to restore these partnerships with local governments.

Thank you for the opportunity to present this perspective on this legislation.

Jay Hall  
Deputy Director and General Counsel  
Kansas Association of Counties  
[hall@kansascounties.org](mailto:hall@kansascounties.org)  
(785)272-2585