



ABOVE AND BEYOND. BY DESIGN.

City Hall
8500 Santa Fe Drive
Overland Park, Kansas 66212
www.opkansas.org

Date: March 13, 2024
To: Chairman Smith and the House Committee on Taxation
From: City of Overland Park
Re: HB 2815 – Written Opponent Testimony

Thank you for allowing the City of Overland Park to submit testimony in opposition to HB 2815. The proposed legislation would abolish the state's statutory obligation to fund the Local Ad Valorem Property Tax Reduction (LAVTR) program, the county and city revenue sharing fund (CCRSF), and the special city and county highway fund (SCCHF). These changes unfairly end the state's obligation to provide meaningful property tax relief to our residents and break decades-old promises made between the state and its local governments.

From 1937 to 2003, the Legislature agreed to share sales tax dollars with local governments with the express purpose of reducing reliance on property taxes to pay for such services as police and fire protection, parks, streets, and many other services local governments are required to provide. LAVTR (established in 1965) and predecessor programs provided dollar for dollar reductions in property tax bills, and meaningful property tax relief to Kansas residents. From 2004 through 2022, the state has failed to transfer about \$20 million dollars in LAVTR funds to the City of Overland Park. Restoring, rather than abolishing LAVTR would be one of the best strategies for providing local property tax relief to Kansans, especially compared to other policies like caps on assessed valuations or tax and spending lids, which create inequitable tax burdens and harm local government's ability to adequately fund public services.

Similarly, the CCRSF was established in 1978 as part of an agreement between local governments and the state. Local governments gave up collecting local cigarette and liquor taxes in exchange for getting a percentage of the money returned by the state. The Kansas Legislature has broken this contract since 2001 costing local governments more than \$1.3 billion in owed revenue.

Finally, the Kansas Legislatures has also not paid SCCHF funds since 2001, costing local governments more than \$412 million in legally obligated funding.

Rather than walking away from its obligation to support local governments by funding LAVTR, CCRSF, and SCCHF, the state should restore funding to these programs in order to fulfill their promises to local governments and lower the local tax burden of Kansas residents.

Thank you for allowing the City to testify in opposition to HB 2815. We respectfully request that the Committee not advance this legislation to the full House for approval.