

To: Senate Taxation Committee

From: Vicky Kaaz, 2nd District County Commissioner, Leavenworth County

RE: Testimony in favor of SB 196 (Written)

January 8, 2024

Madam Chair and Members of the Taxation Committee,

I am writing to you to request the return of the LAVTR to our local governing bodies. Until elected to serve as a County Commissioner, I was completely ignorant to the facts surrounding the LAVTR and its role in alleviating the tax burden of our property owners. Or the processes of taxation and valuation. I would imagine many other elected officials, both locally and at the state level were equally ignorant. As you should know by now, the idea of property tax relief began in 1937, in order to assist county governments, remain solvent. The State of Kansas used a percentage of sales tax revenues to counties based on population and property value.

The program continued for nearly 70 years, becoming state statute in 1965, setting aside a percentage of sales taxes to be divided among the 105 Kansas counties with 65% based on population and 35% based on property value. In 1970 two more programs were created, the County and City Revenue Sharing and the Special City-County Highway fund. The idea behind the law was to alleviate the property tax burden on residents by replacing lost revenue with sales tax revenue on a dollar for dollar basis.

Through no fault of local governments, the State of Kansas found itself challenged to meet their own budget. The decision was made to withhold sales tax revenue from local citizens with little regard or notice to local governing bodies. Instead, it has been asserted the local governments has misused the funds. There is absolutely no evidence this occurred. Budget shortfalls at the state level, should not have been used to withhold funding from local governing bodies and taxpayers. Unfortunately, in 2003 and 2005 all three programs were gradually defunded by the state legislature with little to no notice to local governments. The legislators solved their problem, but left local governments in a mess.

Subsequently, the legislature placed a moratorium on the law, effectively forcing local governments to either raise the mil levy or reduce services. Over time decisions at the local level to keep the Mill Levy without the tax relief provided by the state has resulted in negative consequences to our local infrastructure. For example, Leavenworth County is now faced with inadequate revenue to replace/maintain several bridges and roads.

Last year Senator Jeff Pettman crafted SB 196 to return the LAVTR taxes back to our local cities and Leavenworth County. That bill was stalled in committee, but is now scheduled for a hearing. It has come to my attention the leadership of the House and Senate oppose SB196 and plan to have language substituted to repeal the existing legislation, thus eliminating LAVTR and related statutes altogether. If true, please reconsider this ill-advised plan.

I realize the return of LAVTR will not fix the problem, but it will go a long way in addressing multiple issues. I implore you to return our local tax dollars to our community, where it belongs. I can guarantee you the money will be spent right here, in Leavenworth County for property tax relief.

Respectfully,

Vicky A. Kaaz

2nd District County Commissioner

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