



Testimony before the

**House Taxation Committee**  
on

HB 2396

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**Oral Testimony as a proponent provided on behalf of the USA-Kansas**

Chairman Smith and Committee Members

Thank you for this opportunity to testify before you. USA-Kansas is a proponent to HB2396

The original intent of the Revenue Neutral Rate was to provide transparency to taxpayers. However, over the past three years, it has caused significant confusion among patrons.

A key point to consider is that the 20-mill levy is a statewide tax, not a local district tax. Schools do not have the authority to lower the 20 mills because state statute KSA 72-5142 mandates that every district assess 20 mills and send the revenue to the Kansas State Treasury for redistribution through the school finance equalization formula. Asking taxpayers whether they support the 20 mills is misleading, as districts have no choice in the matter.

If a school district wanted to reduce the local mill rate for taxpayers through its Local Option Budget (LOB) or Capital Outlay fund, it would likely still be required to go through the Revenue Neutral Rate process—an approach that seems counterintuitive. This creates a challenge because, as a district's assessed valuation increases, the 20 mills in the general fund will likely generate more additional revenue than any reduction achieved by lowering mills in the LOB or Capital Outlay. As a result, it becomes nearly impossible for districts to avoid the Revenue Neutral Rate process. The only scenario in which a school district can bypass this process is if its general fund assessed valuation remains flat or decreases.

Removing school districts from the Revenue Neutral Rate, as proposed in HB 2396, would resolve many of these issues.

Thank you for your consideration and request that the committee report the bill favorably.