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Date: March 17, 2025

To: Chair Tyson and the Senate Committee on Assessment & Taxation

From: City of Overland Park

Re: HB 2396 – Neutral (With Concerns)

Thank you for allowing the City of Overland Park to submit testimony on HB 2396. Although the City was opposed to the original version of HB 2396, we are appreciative of the amendments made by the House Committee on Taxation and are now neutral. We also appreciate several of the concepts within this bill and the effort to draft legislation that takes into consideration the needs of cities to fund essential public services. However, the City believes several important changes need to be made to the current version of HB 2396:

- Protest Petition Should Not Trigger an Automatic Lid. This current legislation would allow 10% of a jurisdiction's voters to impose a property tax lid even if the other 90% of residents want funding above the lid to pay for public services. Any protest petition should simply trigger a supermajority voting requirement of the Governing Body rather than allow a small minority of residents to limit the funds available to pay for municipal services.
- Property Tax Lid Should Have Additional Exclusions. The current legislation only excludes from the cap on property tax increases a CPI adjustment, new construction / improvements, and revenues dedicated to pay off *voter-approved* bond issuances. The property tax cap should also exclude tax increases resulting from: 1) increased property tax revenues that will be spent on *all* bonds, temporary notes, no fund warrants, state infrastructure loans, interest payments, and lease payments; 2) real property located within added jurisdictional territory; 3) real property which has changed in use; and 4) expiration of any property tax abatement, tax increment financing district, rural housing incentive district, neighborhood revitalization area, or any other similar property tax rebate or redirection program.

We also believe it is unfair that cities and counties are subject to HB 2396's restrictions when other public agencies are responsible for a significantly higher portion of our resident's property taxes. The City of Overland Park, which has the lowest mill levy of any city of the first class and any city in Johnson County, is responsible for less than 17% of our resident's total property tax bill.

Despite these concerns, we support the creation of the ASTRA Fund and the proposal to void the property tax lid if the ASTRA Fund is not funded by the state. We also support the elimination of the revenue neutral rate law. Again, we appreciate the inclusion of these positive measures.

Thank you for allowing the City to submit testimony on HB 2396.