



Chair Tyson and Members of the Committee,

We appreciate this opportunity to submit **written neutral testimony for HB 2396**, which introduces a protest petition mechanism to limit property tax revenue increases, establishes the ASTRA fund for distributing state funds to local jurisdictions, and amends existing statutes to remove specific tax rate requirements.

While I appreciate aspects of the proposal, there are concerns about transparency and the effectiveness of past policies being reintroduced. We hold the following position on HB 2396:

Appreciation for the Protest Petition Process

One positive aspect of HB 2396 is introducing a **protest petition mechanism** for property tax increases. Under this system, local governments can increase tax revenue beyond inflation and new growth, but voters have **30 days to challenge the increase by gathering signatures from 10% of local voters**.

This process is an opportunity to engage the electorate. In cases of **egregious tax hikes**, voters will have a direct way to hold local officials accountable. A similar mechanism exists in **Utah**, where taxpayers can trigger referendums on tax increases, promoting civic engagement and local government responsiveness.¹

However, while this approach checks against extreme tax hikes, it does not guarantee that voters will be informed about smaller, incremental increases over time.

Eliminating the Revenue Neutral Rate Hurts Taxpayer Transparency

HB 2396 **repeals the requirement** for local governments to notify taxpayers when they plan to collect more property tax revenue than the previous year. Currently, under the **Revenue Neutral Rate (RNR) law**, local governments must:

- **Mail notices** to taxpayers about proposed tax increases.
- **Hold a public hearing** before adopting an increase.

Removing these requirements means taxpayers will **no longer receive direct notification** before tax hikes. Instead, they will be responsible for monitoring local government budgets and organizing petitions if they wish to oppose increases.

Transparency is key to stabilizing tax rates for homeowners and businesses. Research shows that when taxpayers receive **clear, advance notice** of tax changes, they can better plan and participate

¹ Utah Taxpayers Association. *Understanding Utah's Tax Referendum Process*. <https://utahtaxpayers.org/tax-referendums>

in local fiscal decisions.² Without RNR notices, the burden shifts to taxpayers to **detect** and react to tax increases rather than local governments being proactive in disclosure.

HB 2396 Reintroduces Two Previously Failed Policies

Two of HB 2396's main provisions, the **property tax lid** and the **state fund for local governments**—were attempted in Kansas before, and both failed to provide long-term relief.

- **Kansas' Former Property Tax Lid (2015-2021):** This policy required local governments to hold elections to raise property tax revenue beyond inflation. However, it had multiple **exemptions** (debt service, public safety, etc.), which made it ineffective. Cities and counties routinely found ways around the cap, leading to its repeal in 2021.³
- **State Transfers to Local Governments (2000-2019):** Kansas previously sent state tax dollars to local governments under a similar fund, the **Local Ad Valorem Tax Reduction Fund (LAVTRF)**. However, the fund was cut when state budgets tightened and local property taxes increased.⁴ There is no guarantee that the new **ASTRA will be available. Fund** in HB 2396 will result in lower property taxes, just as LAVTRF failed to do so in the past.

Kansas should be careful about **recycling** policies tested and found ineffective. Instead, solutions should focus on **direct, lasting relief** for taxpayers rather than shifting funds between government entities.

To improve Kansas' tax system, lawmakers should consider keeping the revenue-**neutral rate notifications** and ensuring any new tax limitations are **effective and enforceable**.

Thank you for your time.

² Tax Foundation. *The Importance of Taxpayer Transparency in Local Government Finance*.
<https://taxfoundation.org/tax-transparency-matters>

³ Kansas Legislative Research Department. *Review of the Property Tax Lid in Kansas (2015-2021)*.
<https://kslegresearch.org/property-tax-lid-review>

⁴ Kansas Policy Institute. *Why the LAVTRF Didn't Lower Property Taxes in Kansas*.
<https://kansaspolicy.org/lavtrf-failed>