

**Bonner Springs/Edwardsville
Unified School District 204**

Teaching Today's Learners for Tomorrow's Challenges

March 18, 2021

Dear Senate Assessment and Taxation Committee,
Thank you, Madam Chair and the Assessment and Taxation Committee for allowing me to speak today. I am testifying as proponent for Senate Bill 277 but would like to comment on Senate Bill 13.

Senate Bill 13 is a bill that allows cities and counties an alternative to the current property tax lid legislation. The bill originally stated that, "The provisions of this section shall not apply to school districts or municipal universities organized and operating under the laws of this state." I believe the intent of the original bill was due to the vast difference in the budgeting process between cities and counties when compared to school districts. With the exception of the current property tax lid legislation, budgets for cities and counties are not controlled by other statutes. At the school district level, the levy for each fund has specific legislation and requirements by the local Board of Education (BOE) before it can be assessed.

General Fund Mill Levy: By statute, each school district is required to raise 20 mills. Each property in this fund receives \$20,000 of valuation exemption in the total assessed valuation of their property. A house may be appraised at \$200,000 for all other funds but in the case of the general fund, it is only appraised at \$180,000. In USD 204, the assessed valuation of all funds this year was \$203,614,977 and the assessed valuation of the general fund was \$192,289,977.

One issue with the current amended bill is that it requires that taxing entities would use the current tax year's total assessed valuation. If this bill would have been put in place this year, revenue neutrality would have placed our current mill levy at 18.57 mills instead of 20.00 mills for the general fund.

All funds from the general fund flow from the county directly to the State of Kansas. In this specific fund, if it stayed revenue neutral based on the current legislation, either the State of Kansas would be shorted due to a lower mill levy or the district would need to lower their mill levy in other funds. This issue is due to the language in the bill; it does not have anything to do with revenue neutrality. It is important to note that this process would have a negative echo effect each year on the general fund.

Local Option Budget: Is a resolution passed by a local BOE and is set as a percentage of a school districts total State Foundation Aid. There are specific statutory limits set in place that limit the amount of dollars that can be assessed locally.

It is important to note that State Foundation Aid is based upon student F.T.E. and weighted enrollment factors; it is not based on the assessed valuation of a school district. Currently,

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if your community is in a growth mode and more families/students are enrolling in your district, the school receives increased State Foundation Aid. If your community is not in a growth mode, then your school will receive less State Foundation Aid.

Revenue neutrality in this specific case would punish school districts in thriving communities where growth is occurring. The more your enrollment increases, the fewer dollars you would have per student to educate each child. It seems opposite of the current Kansas Legislative approach of wanting communities to thrive and grow.

Capital Outlay: The capital outlay mill levy is set by a resolution that is approved by the BOE and is open to protest by the voters. The resolution centers around a specific mill levy rate; not a specific dollar amount. By statute there are limits to the total amount of mills that can be assessed for this fund.

Bond & Interest: The bond and interest mill levy is approved by the majority of the voters when they vote for new facilities construction, infrastructure remodeling and building additions. The mill levy is set based upon bond repayment schedules. In this particular fund, mills increase and/or decrease based on district valuation. Each district has limited control over this fund.

Time Line Issues

Currently USD 204 receives information about assessed valuation amounts from Wyandotte and Leavenworth County by June 15th yearly. The current bill states that "On or before July 15, the governing body shall notify the county clerk of its proposed intent to exceed the revenue neutral rate and provide the date, time and location of the public hearing and its proposed tax rate".

Due to all of the factors involved in preparing a school district's budget, each school district will need to complete their budget in full before July 15th so that they will be able to evaluate if they are exceeding the revenue neutral rate. Based on previous years' timelines of gathering all of the budget information and software budget updates, this will be an almost impossible timeline.

The bill also states that, "A majority vote of the governing body, by the adoption of a resolution or ordinance to approve exceeding the revenue neutral rate, shall be required prior to adoption of a proposed budget that will result in a tax rate in excess of the revenue neutral rate. Such vote of the governing body shall be conducted at the public hearing after the governing body has heard from interested taxpayers."

The public hearing to consider exceeding the revenue neutral cannot be held sooner than August 10 and not later than September 10. Currently, there is not a local daily paper in the Bonner Springs School District, which is similar to many school districts across the State of Kansas. Additionally, due to staffing issues with our current weekly newspaper of record, the district is required to submit legal items to them seven days in advance of publishing. The paper is published each Thursday.

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This year, if the BOE would hold a public hearing on Tuesday, August 10th to solicit local input on tax neutrality, it is possible that they could hold a separate meeting after the public hearing and approve their budget for publication. The budget would not be published on August 12th due to the deadline, but instead would be published August 19th. Once the budget is published, there is a statutory 10-day waiting period before the BOE can reconvene and approve the budget, which means that the earliest a BOE meeting could be held would be Saturday, August 28th which is three days after the statutory date.

Summary

Currently, I work with three city governments; Bonner Springs, Edwardsville, and Kansas City. Additionally, I work with two county governments; Leavenworth and Wyandotte. I believe that Senate Bill 277 is a good alternative for replacing the current tax lid statute. I do not believe that the original intent of Senate Bill 277 was to change school budget guidelines. I would encourage the committee to revisit the option of not applying the new provisions to school districts based upon current statutes that are already in place that limit school district budgets.

Sincerely,

Dan

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