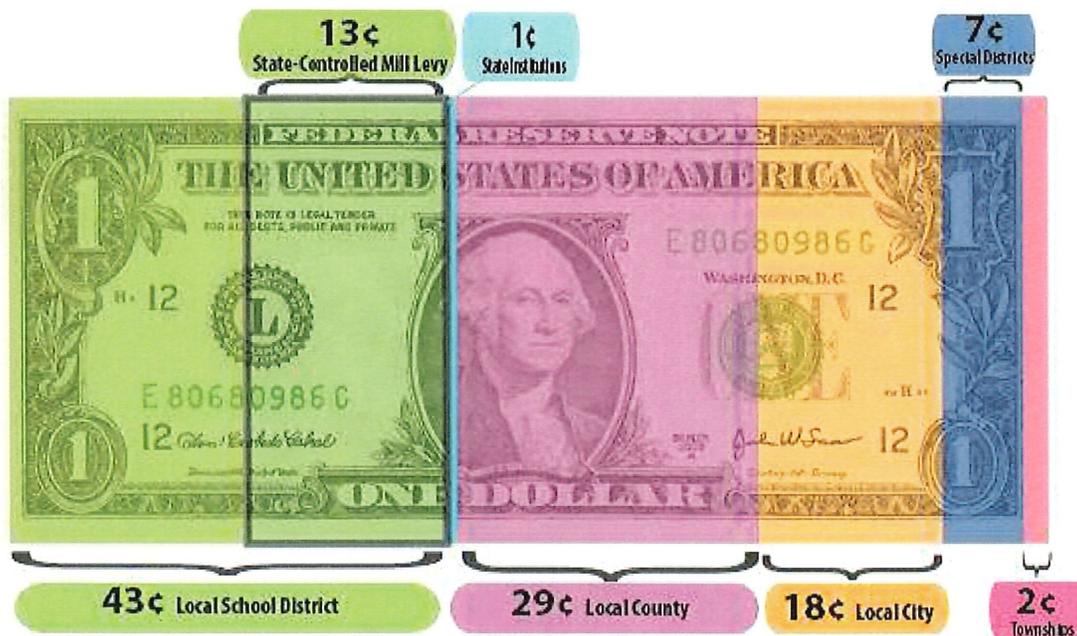


To: Senate Assessment and Taxation Committee
 From: Trey Cocking, Deputy Director
 Date: March 18, 2021
 RE: Neutral Testimony on SB 277

Good Morning Chairwoman and Committee Members thank you for allowing the League of Kansas Municipalities to offer neutral testimony on Senate Bill 277.

We want to be very clear that the League of Kansas Municipalities is not opposed to SB 277. A strong education system is essential for cities across Kansas to flourish.

However, we do want to discuss the overall impact of this bill on property taxes in Kansas. As you can see from the dollar bill representation below, K-12 education accounts for 43% of property taxes levied across Kansas.



We also want to look at the renewal of the property tax under the same light as SB 13's requirements.

If you use the current year's estimate of \$732.7 million as the base for the revenue neutral rate to avoid sending notification and conducting a truth-in-taxation hearing, the 21 mills levied would need to be adjusted downward to 19.475 mills for FY 2022 and 19.015 mills for FY 2023.

Year	Tax Amount	% increase	Tax Rate	Tax Neutral Amount	Tax Neutral Rate
Actual FY 2016	601,000,000	1.61%	20		
Actual FY 2017	613,881,000	2.14%	20		
Actual FY 2018	641,068,000	4.43%	20		
Actual FY 2019	677,465,000	5.68%	20		
Actual FY 2020	709,436,000	4.72%	20		
Estimated FY 21	732,667,000	3.27%	20	732,667,000	
Projected FY 22	752,400,000	2.69%	20	732,667,000	19.475
Projected FY 23	770,600,000	2.42%	20	732,667,000	19.015

If you were using a tax neutral rate since FY 2019 the last time the 20-mill levy was renewed, you would be looking at mill levy of 18.008 mills in FY 2022 to produce the same amount of revenue and 17.583 mills in FY 2023.

As Kansas enters a historic moment with transparency, we encourage this Committee to not make modifications to SB 13 to remove schools. This is an important component to ensuring the property owners' entire bill is transparent, not just a select portion of the bill. Just as this body has determined that it is important for citizens to understand the revenue neutral rate for other taxing jurisdictions, it is equally important the Kansas citizen understand how these 20 mills are levied every year and how that compares to the revenue neutral rate they will come to expect of other taxing jurisdictions. This will ensure that all taxing entities are on the same page, and residents and businesses have complete information.