



Since 1894

Date: March 13, 2024

To: House Committee on Taxation
Rep. Adam Smith, Chair

From: Aaron M. Popelka, V.P. of Legal and Governmental Affairs, Kansas Livestock Association

Re: **HB 2815 AN ACT concerning taxation; abolishing the local ad valorem tax reduction fund and the county and city revenue sharing fund; discontinuing certain transfers to the special city and county highway fund; decreasing the rate of ad valorem tax imposed by a school district.**

Position: Proponent, In-Person

The Kansas Livestock Association (KLA), formed in 1894, is a trade association representing more than 5,700 members on legislative and regulatory issues. KLA members are involved in many aspects of the livestock industry, including seed stock, cow-calf, and stocker cattle production; cattle feeding; dairy production; swine production; grazing land management; and diversified farming operations.

Thank you, Chairman Smith, and members of the Committee, for allowing the Kansas Livestock Association (KLA) the opportunity to share our support for HB 2815, a bill that would provide meaningful property tax relief across all classes of taxable property.

KLA policy "supports increased reliance on income tax and other non-property tax sources for support of local school districts," and reducing the reliance of local government on property tax revenues. By reducing the total statewide mill levy from 20 mills to 18 mills, HB 2815 is the single most effective means for the state legislature to effect broad-based property tax relief. In addition, holding revenue from the statewide mill levy at a constant level in future tax years will also deliver ongoing tax relief for taxpayers. While other proposals have simply centered on exempting a portion of residential property from the statewide mill levy, residential property is only about 56 percent of all property assessed in Kansas. HB 2815 would not only help homeowners, but also industry, commercial businesses, farms, and owners of personal property, like vehicles.

Although HB 2815 would eliminate the Local Ad Valorem Tax Reduction Fund (LAVTRF), according to Kansas Legislative Research, "No moneys have been transferred to the LAVTRF since July 15, 2002, except a singular payment to the fund of \$20,250,000 in FY 2014." Even when the transfer was made, it was difficult to determine if property tax relief actually materialized for taxpayers. Likewise, the County City Revenue Sharing Fund (CCRSF) and Special City and County Highway Fund (SCCHF) have not received a revenue transfer since Fiscal Year 2003. Although the LAVTRF, CCRSF, and SCCHF have the potential to reduce local

government's reliance on property tax, reduction in the statewide mill levy is a more certain form of tax relief that can be immediately applied to all taxpayers. In fact, KLA would encourage the Committee to reduce the 20 mills by more than 2 mills as the state continues to grow a significant State General Fund surplus.

KLA appreciates the opportunity to submit testimony in support of HB 2815. We ask that the Committee recommend the bill favorable for passage and consider reducing the statewide mill levy by more than the 2 mill reduction contained in the bill.