

**DATE:** March 13, 2024

**To:** Rep. Adam Smith and Members of the House Committee on Taxation

**From:** Aaric Davis, Superintendent, USD 337 Royal Valley School District

**Re:** Oral and Written Proponent to HB 2795

Chairman Smith and members of the House Committee on Taxation. My name is Aaric Davis, Superintendent at USD #337 Royal Valley, and I would like to communicate briefly about my support for HB 2795 and the removal of the mandatory 20 mill state-wide tax levy from the Revenue Neutral Rate process written in statute K.S.A. 79-2988.

For the past few years as a superintendent, I have been following rules set out in KSA 79-2988 to notify the county clerk of our intent to exceed or not to exceed the revenue neutral rate from the previous year. I then notify the public of a hearing to gather feedback from the public on whether or not we should exceed the revenue neutral rate. Once the hearing is complete, the local board of education then makes a decision on the mill rate that is appropriate to fund the overall learning process within our district through their annual budget hearing. When I first went through the revenue neutral rate process a few years ago, I was confused as to why the 20-mill state-wide levy was included in the revenue neutral rate process. This confused me for a couple of reasons:

1. The 20-mill levy is a state-wide tax, not a local district tax. We do not have the ability to lower the 20-mills because state statute KSA 72-5142 requires every district to assess 20-mills and send that money to the State of Kansas Treasury to redistribute within the school finance equalization formula. Why would we ask our taxpayers if they are supportive of the 20-mills when it isn't an option to lower it?
2. If a school district was going to reduce the local mill rate for their local taxpayers within their Local Option Budget or Capital Outlay fund, they would likely still have to go through the revenue neutral rate process, which seems counter intuitive. This is a problem because as

assessed valuation goes up for a district, the 20 mills in the general fund would likely generate more additional revenue than the reduction in revenue by lowering mills from the LOB or Capital Outlay. This makes it nearly impossible for districts to get away from the revenue neutral rate process. The only time a school district can avoid going through the revenue neutral rate process would be if their general fund assessed valuation were to go down or stay flat. Removing the 20-mill state-wide levy from the revenue neutral rate calculations as proposed in HB 2795 will solve this issue.

In addition to the removal of the 20-mill state-wide levy from the revenue neutral rate process, I would make a couple of suggestions:

1. Language should be added to clarify for county clerks that the hearing date, time, and location can change after the initial July 20 communication to the county clerk. If a district follows all the rules in KSA 79-2988 and the local newspaper fails to run the publication, even though the district sent it in and requested its publication, it could cost the district hundreds of thousands of revenue dollars for that year due to a technicality that isn't the fault of the district.
2. It is my opinion that the intent of the initial language in KSA 79-2988 was for transparency to taxpayers about local government entities and how much their budgets increase annually in relationship to assessed valuation. I suggest this could be accomplished by combining the information from the revenue neutral rate statute with the already existing budget hearing process for each local government entity. This statute has placed an unnecessary burden on our county clerks, and I believe that it could be a part of the existing budget hearing process.

I visited with my county clerk earlier this week, and she agrees that the amount of work put on their office and the cost of the mailings on the taxpayers is not a good use of taxpayer dollars. I don't believe that it has produced the outcome desired by the legislature. She reports that she fields phone calls from confused patrons wondering why they are getting a second valuation

notice or asking if there is a payment due when they receive the revenue neutral rate information in the mail.

In summary, I am a proponent of the language changes proposed to KSA 79-2988 through HB 2795. I am also supportive of being transparent with our local taxpayers about the increased dollars that come to local taxing entities due to increases in assessed valuation. However, I would like to see some additional clarifying language in KSA 79-2988 related to hearing dates and ask this committee to consider removing the mailer requirement on board clerks. I do believe we can effectively communicate this information to our concerned patrons in our regular budget publications and budget hearings.

Very Respectfully Submitted,

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