



## Louisburg Unified School District No. 416

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### Senate Committee Assessment and Taxation

#### Testimony on SB 317

Dr. Sharon Zoellner, Superintendent

February 15, 2012

Mr. Chairman and Members of the Committee,

Thank you for the opportunity to testify on SB 317. I am here today not only as the superintendent of Louisburg public schools, but also as a member of the Kansas School Superintendents Association Board of Directors and the USA|Kansas School Finance Task Force.

The understanding administrators have been given is that the purpose of SB 317 is to exclude trade fixtures from the definition of real property, real estate and land when determining the assessed valuation of real property. While this may not seem like something school districts should be concerned with, we believe it may have a significant impact on school funding and property owners in our districts.

SB 317 will reduce the assessed valuation, generating less revenue from the 20 mill statewide levy. Because this is a primary source of funding for K-12 public education, the state will have to increase spending to make up the difference or further reduce the Base State Aid Per Pupil. Over the past two years, general fund budgets have been cut by more than \$270 million.

Another concern we have with this bill is that it shifts an even greater burden to local taxpayers. In discussions we've had with local county appraisers, SB 317 will reduce local revenue. As a result, **all local taxing entities – including schools – will turn to local property taxpayers to make up for lost revenue.**

At a time when there has been extensive conversation about allowing districts to generate more revenue at the local level, this bill would actually undermine those efforts. **Mill levies for the Local Option Budget (LOB), bond and interest, and capital outlay would increase just to maintain funding.** This does not even address the increases other local taxing entities might impose.

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Sn. Assmnt & Tax  
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Attachment # 4

There are other school districts and groups that will talk with you about the impact that SB 317 could have on local taxpayers, but I wanted to share the following information from the El Dorado school district. While the refinery example in El Dorado is one of the largest, there are other Kansas commercial properties may have their valuation reduced as a result of the language in SB 317. However, we do not know the full extent of the reduction.

This example clearly demonstrates how a reduction in assessed valuation impacts the school funding formula.

Based on information from Butler County, the bill in its current form could reduce the valuation of Holly Frontier Refinery by \$132 million. Such a reduction in value will reduce the assessed valuation of USD 490 by \$39.6 million.

The majority of our funds for LOB and Bond and Interest are raised through our local property tax. If USD 490 assessed valuation is reduced by \$39.6 million, our local real estate mill levy will increase by 11.883 mills to generate the same dollar amount from property taxes for our LOB and Bond and Interest Fund. We cannot decide to reduce the levy for Bond and Interest because our bond agreements require we levy a tax in an amount sufficient to make the payments. If the assessed value is reduced it means the remaining assessed valuation of the district will be responsible to pay more in local property taxes.

Our current assessed valuation is \$160,871,877. Our current LOB and Bond and Interest mill levy is 36.407 mills. The current levy is expected to raise \$5,856,862. If our assessed valuation is reduced by \$39.6 million to \$121,271,877 it will take a mill levy of 48.290 mills to raise the same \$5.856 million. – an increase of 11.883 mills.

In addition in increase in our local mill levy the current 5-mill levy for Capital Outlay Fund will receive \$198,000 less from the same 5-mill levy.

At a minimum, we would encourage you to table the bill until a study can be done to see what the impact of this would be statewide. Again, I appreciate the opportunity to appear before you and would encourage you to speak with your county appraiser and school superintendent about how this might impact local property owners.

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