



To: House Taxation Committee

From: Don Moler, Executive Director

Date: January 29, 2013

Re: HB 2047

Thank you for the opportunity to appear today to discuss this very important issue. As written, we must oppose HB 2047, but it is my hope that we can come to a mutually agreed upon resolution through the legislative process.

First, I must note that we believe that the current process for adopting city budgets is a very open process. Current law requires the publication of the budget, a public hearing, and the passage of an ordinance in the event that the city is seeking to bring in more revenue than the preceding year.

That being said, the proponents of this legislation have indicated that they are interested in an additional vote and increased transparency with regard to ad valorem taxes. Our concern with the current bill is the following language which can be found on pg. 1 starting at line 13:

If the total tangible property valuation in any municipality increases from the next preceding year due to increases in the assessed valuation of existing tangible property, the governing body shall lower the amount of ad valorem tax to be levied to the amount of ad valorem tax levied in the next preceding year.

This appears to be a definitive statement that some could interpret as a complete limitation on a city's ability to increase ad valorem taxes. In order to clarify that this language does not amount to a tax lid, we are recommending that a declaratory statement be inserted following this language which makes it clear that municipalities can increase their ad valorem taxes if they take a majority vote and publish that vote in the county newspaper (see attached).

In conclusion, we respectfully request that the Committee consider amending the language of the bill as requested. I will be happy to stand for questions at the appropriate time.

Suggested Amendment

Session of 2013

HOUSE BILL No. 2047

By Committee on Taxation

1-22

AN ACT concerning property taxation; relating to revenues produced by property tax levies; votes to increase revenues; publication; amending K.S.A. 2012 Supp. 79-2925b and repealing the existing section.

Be it enacted by the Legislature of the State of Kansas:

Section 1. K.S.A. 2012 Supp. 79-2925b is hereby amended to read as follows: 79-2925b. (a) Without ~~adoption of a resolution or ordinance a majority vote~~ so providing, the governing body of any taxing subdivision shall not approve any appropriation or budget, as the case requires, which may be funded by revenue produced from property taxes, and which provides for funding with such revenue in an amount exceeding that of the next preceding year, ~~except with regard to revenue produced and attributable to the taxation of~~. *If the total tangible property valuation in any municipality increases from the next preceding year due to increases in the assessed valuation of existing tangible property, the governing body shall lower the amount of ad valorem tax to be levied to the amount of ad valorem tax levied in the next preceding year. This subsection shall not apply to ad valorem taxes levied under K.S.A. 72-6431, 76-6b01 and 76-6b05, and amendments thereto, and any other ad valorem tax levy which was previously approved by the voters of such municipality.*

(b) Revenue that, in the current year, is produced and attributable to the taxation of:

- (1) New improvements to real property;
- (2) increased personal property valuation, other than increased valuation of oil and gas leaseholds and mobile homes;
- (3) property located within added jurisdictional territory; and *or*
- (4) property which has changed in use

shall not be considered when determining whether revenue produced from property has increased from the next preceding year.

(b)(c) In the event the governing body votes to approve any appropriation or budget, as the case requires, which may be funded by revenue produced from property taxes, and which provides for funding with such revenue in an amount exceeding that of the next preceding year, notice of such vote shall be published in the official county newspaper of the county where such taxing subdivision is located.

(d) The provisions of this section shall be applicable to all fiscal and

Notwithstanding the requirements of this subsection, nothing herein shall prohibit a municipality from increasing the amount of ad valorem tax to be levied if the municipality approves the increase with a majority vote of the governing body and publishes such vote as provided in subsection (c).

budget years commencing on and after the effective date of this act.

~~(c) The provisions of this section shall not apply to community colleges or unified school districts.~~

~~(d)~~(e) The provisions of this section shall not apply to revenue received from property tax levied for the sole purpose of repayment of the principal of and interest upon bonded indebtedness, temporary notes and no-fund warrants.

(f) For purposes of this section, "municipality" means any political subdivision of the state which levies an ad valorem tax on property and includes, but is not limited to, any county, township, municipal university, school district, community college, drainage district or other taxing district.

Sec. 2. K.S.A. 2012 Supp. 79-2925b is hereby repealed.

Sec. 3. This act shall take effect and be in force from and after its publication in the statute book.