



Date: March 21, 2013

To: Senate Assessment and Taxation Committee

From: Larry R. Baer  
Legal Counsel

Re: SB 181  
Testimony in Opposition

Thank you for allowing me to appear before you today and present testimony on behalf of the League of Kansas Municipalities and its member cities. We are concerned about the negative fiscal impact of this legislation on local governments, and therefore oppose SB 181 at this time.

The proposal reduces the motor vehicle property tax from 20% in FY 2013 to 18% in FY 2014, to 16% in FY 2015, to 14% in FY 2016, and to 12% in FY 2017 and all years thereafter. Losses to local governments are estimated to be \$25 million in the first year, and increasing in subsequent years.

While the bill does provide some mitigation by slowing the depreciation schedule and increasing minimum taxes, such mitigation does not fully kick in for six years. In addition, we have not yet seen any estimates as to the level of mitigation that will be provided. We believe that it would not be prudent to move forward at this time without a complete understanding of the fiscal impact, including both revenue losses and possible future mitigation.

Government at all levels is struggling to provide more services with less revenue. SB 181 represents further reduction in local revenues at a time when budgets are already strained. For this reason, we must oppose this legislation.

Again, thank you for allowing me the opportunity to appear before you today. I will stand for questions at the appropriate time.