



Testimony to House Education Committee

HB 2078 – Authorizing the reduction or elimination of property tax exemption by a school district.

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Chairman Aurand and Members of the Committee,

Thank you for the opportunity to provide testimony in opposition to HB 2078, which would allow school districts to reduce or eliminate the \$20,000 homestead exemption for property tax purposes. While special education funding is a priority, we stand opposed to the passage of this legislation for the following reasons:

- The revenue this bill could potentially raise is not necessary. School districts fail to spend the money they are currently allocated. The carry-over cash balances of the schools reported by KSDE totaled nearly \$911 million in July of 2016. That balance is roughly \$443 million higher than the 2005 balances (\$57 million higher in 2016 than 2015). That is money that could certainly be spent on special education, or virtually any other purpose school boards find necessary.
- HB 2078 would potentially allow local school boards to increase property taxes without citizen approval. It places the burden on local residents to challenge a property increase, rather than the school board to seek voter approval. It also creates a fairness issue, since some districts could get more dollars and others not.
- Since the Legislature is in the process of rewriting the state's education finance law, HB 2078 seems out of place in the big picture of a comprehensive funding system.
- Since HB 2078 has no mechanism for equalizing the funding generated pursuant to the bill, it's highly unlikely the law would be upheld by the Kansas Supreme Court, given the probability of a lawsuit challenging its constitutionality.

We oppose HB 2078 based on these reasons and encourage the committee to reject its passage.