

To: Senate Committee on Assessment and Taxation
From: Spencer Duncan, Government Affairs Director
Date: March 20, 2024
RE: SB 536 – Revenue Neutral Rate and LAVTRF
Neutral – Written Testimony

Thank you to the Chair and Committee for the opportunity to provide this testimony.

The League of Kansas Municipalities supports the state action of returning money it currently collects for the Local Ad Valorem Tax Refund (LAVTR) program back to citizens. If SB 536 is a method the Legislature chooses to utilize, it would have benefit.

However, the League is neutral on SB 536 as we believe the process in this legislation is more complicated than simply funding the current program already in statute. The League also believes current LAVTR statutes already mandate that a city must utilize these funds for property tax reduction.

K.S.A 79-2960 states: “Each tangible property tax levying political subdivision shall set out a local ad valorem tax reduction fund item of income for one or more tangible property tax funds of general application (excepting bond and interest funds), in its budget for the current year tax levies...”

K.S.A 79-2961 states: “The budget of each political subdivision also shall show that the aggregate levies made by such tangible property tax-levying political subdivisions will produce a sum less than the amount which the aggregate levy would produce in an amount equal to or in excess of the aggregate amount of the budget items of such distribution shown in the aggregate levy.”

We recognize this language could be clearer, but our interpretation is any city that receives LAVTR funds must keep a flat mill levy or lower. We are open to recommended changes to this language to provide more clarity.

Historical data shows during the period when the state fully funded LAVTR, there was a direct positive impact on assisting cities in keeping property tax rates at lower levels. We are confident that fully funding current LAVTR statutes would lead to property tax reduction. We continue to request that the Legislature simply fully fund the current LAVTR program as outlined in statute, which includes ensuring the dollars be used for direct property tax reduction.

Thank you for your time and consideration of these issues. I am always available to provide additional information and answer any questions you have.



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