

House Committee on Taxation

**Verbal Testimony in Opposition to House Bill 2740- Property Tax Increase
Presented by Eric Stafford, Vice President of Government Affairs**

Wednesday, March 7, 2018

Mister Chairman and members of the committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber. The Kansas Chamber appreciates the opportunity to testify in opposition to House Bill 2740, which would saddle Kansas taxpayers with the burden of a \$600 million increase in property taxes. After last year's \$600-700 million income tax increase, this is the last thing the Kansas taxpayer should have to face.

Kansas is already a high tax-burden state. Below is a brief summary of where we rank nationally.

- Last week the Wichita Eagle reported that Kansas has the 9th highest property tax on cars in the nation.
- Kansas has the 8th highest sales tax in the nation (state and local combined rate).
- Kansas has the 9th highest tax rate on cell phones.
- Kansas collects the 19th highest amount of income taxes collected per capita.
- Ranks 23rd for state and local tax burden.

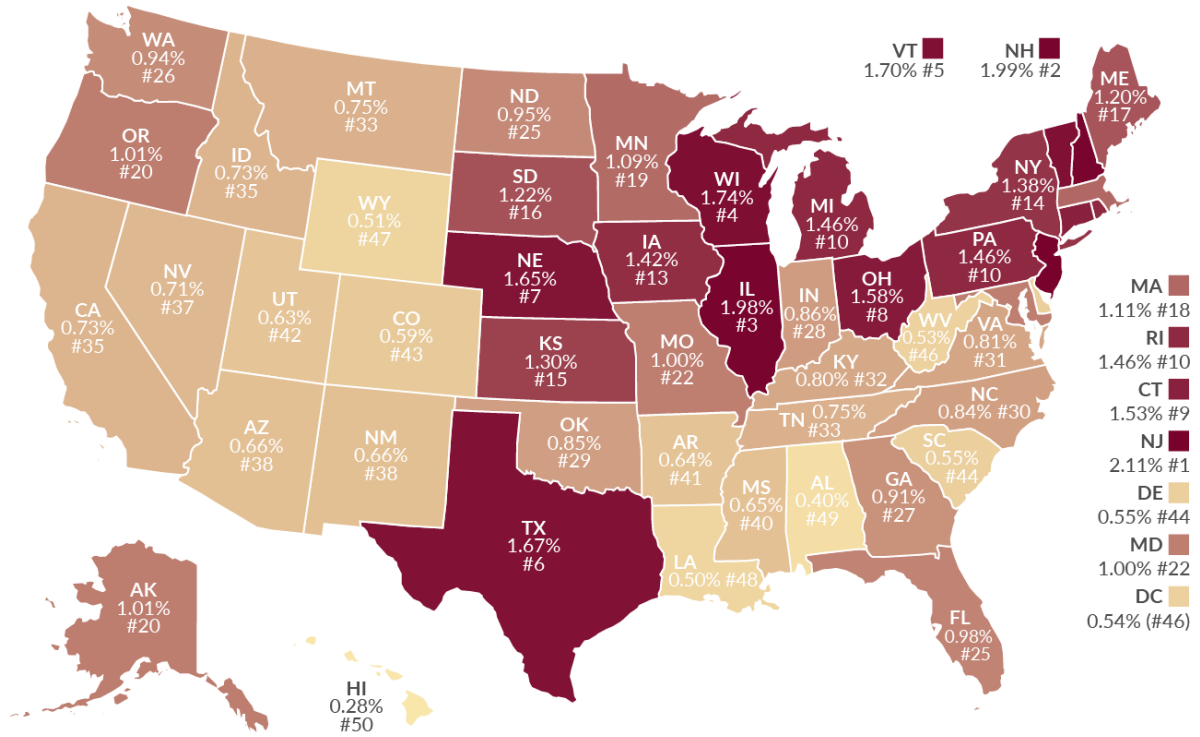
Each year as the Chamber conducts its Business Leaders Poll, we ask which tax business owners think should be increased, decreased or stay the same. Property taxes showed the strongest level of support to reduce (4% increase; 61% increase; 34% stay the same; 1% undecided), compared to sales (38% decrease) and income taxes (36% decrease). We must also point out that 74% say the government should cut spending before considering tax increases (10% Never Cut; 17% Cut Up To 5%; 18% Cut 6% - 10%; 13% Cut More Than 10%; 26% Never Raise Taxes; 16% Undecided).

HB 2740 would exacerbate the already high property tax burden in our state, especially on commercial/industrial property, which according to the 2015 Lincoln Institute study on the property taxes for all 50 states, has Kansas listed as 9th in the Top 50 Commercial Property Tax category for a \$100,000 facility and 10th for a \$1,000,000 facility for urban property. Kansas ranks #1 in the nation for the highest rural commercial property tax burden in this same report and 3rd highest for rural industrial property.

In closing, we believe Kansas must improve its tax climate if we ever hope to climb over the fence of mediocrity. House Bill 2740 is a major step in the wrong direction for our state and we strongly oppose this proposal. Thank you for the opportunity to submit testimony in opposition to HB 2740 and we are happy to answer questions at the appropriate time.

How High Are Property Taxes in Your State?

Mean Effective Property Tax Rates on Owner-Occupied Housing, Calendar Year 2014



Note: The figures in this map are mean effective property tax rates on owner-occupied housing (total real taxes paid/total home value). As a result, the data exclude property taxes paid by businesses, renters, and others. D.C.'s rank does not affect states' ranks, but the figure in parentheses indicates where it would rank if included.

Source: 2014 American Community Survey, available from the Census Bureau; Tax Foundation calculations.

