



KANSAS
ASSOCIATION OF
COUNTIES

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Senate Assessment and Taxation Committee
March 11, 2021
Senate Bill 149

Kansas Association of Counties
Opponent Testimony

Chairwoman Tyson and members of the Committee:

Thank you for allowing the Kansas Association of Counties to offer testimony opposing SB 149. KAC opposes this bill for five major reasons. SB 149 1) eliminates local control; 2) requires counties to refund money they never had; 3) is overbroad; 4) negatively impacts county services; and 5) places an increased burden on residential taxpayers.

SB 149 eliminates local control

The Kansas Association of Counties and its member counties stand for local control, believing that government closest to the people will best understand and serve the community's needs. This thought was echoed by many in the legislature last summer when counties were given the option to opt out of the statewide mandate—allowing counties to decide how to best serve their constituents. SB 149 effectively eliminates local control. The bill makes the price for local control so high that most any county would be forced into a choice, not because they believe that it is best for the population, but rather, because that choice is the only one that the county budget could survive.

As a result, counties cannot use their own discretion to determine the appropriate response in their jurisdiction. Instead, they must weigh potential punitive legislation that may retroactively impact their county as a result of any future decisions made, even if those decision was supported by the people that they represent.

SB 149 requires counties to refund money they never had

While counties collect property taxes on behalf of all taxing entities, across the state, counties retain less than 30% of the overall property tax revenue collected. The rest is distributed to cities, school districts, special districts and other taxing jurisdictions. SB 149, as written, would require counties to reimburse the entire amount of property tax to a business, with no mechanism for recovering the money distributed to other taxing jurisdictions—effectively forcing the county to reimburse money that it never had.

As you can imagine, this will put immense pressure on county budgets. The county will have to plan for potential reimbursements in the future, and budget accordingly. Additionally, counties have already distributed \$57.8M¹ to small businesses and non-profits through the SPARK funding. There is nothing in this bill to prevent a business that has already received aid through SPARK, the Paycheck Protection

¹ See www.covid.ks.gov/covid-data/

Program, or other grants and federal, state, or local government aid from also applying to be reimbursed for their property taxes, which could allow some businesses to “double dip” with county commissions having no means to prevent that, as there is no allowance for discretion under the bill to approve or deny the reimbursement.

SB 149 is overbroad

This bill is also overly broad. While the intent may have been focused on the COVID-19 pandemic, there may be other reasons that a county government is enforcing capacity limits or temporary shutdowns related to health, safety, fire code and other potential concerns.

Under the bill as written, a business in violation of a local ordinance could seek reimbursement for property taxes despite having current violations not related to COVID-19. This bill would make local resolutions effectively unenforceable, as the county could be forced to repay property taxes if they close or limit a business due to a violation. That would not make sense.

SB 149 negatively affects county services

While non-mandatory services may see the largest cuts in a budget crisis, mandatory services would not necessarily escape unscathed. Mandatory services make up the bulk of the county budget. As such, if the budget is reduced in any significant capacity, mandatory services would need to be cut to balance the budget, as required under Kansas law. This is especially true if reimbursements were to be paid out in 2021, when counties have had no opportunity to budget for this fiscal impact.

This means making a decision between sheriff patrols or jail staffing. Perhaps deciding between grading a road in the spring or budgeting for snow removal in the winter. Because SB 149 is retroactive, if passed counties would have to make these types of cuts with fiscal year 2020 already passed, paying those funds out of the county general fund in FY 2021, forcing potential cuts to anything funded out of the county general fund.

In addition to the negative effects of SB 149 on county budgets as discussed above, SB 149 may also affect county infrastructure. For many counties, road and bridge improvements are funded from a capital improvement fund. With the General Fund budget crippling effects of SB 149 discussed above, these counties would have no choice but to transfer funds from a capital improvement fund back to the General Fund. This would result in severe reductions, or total elimination, of road and bridge improvement projects. Counties would be forced to conduct only basic road and bridge maintenance operations. Projects to rehabilitate deteriorated and rough pavements, or to rehabilitate or replace structurally deficient bridges, would necessarily be postponed. Continued road and bridge deterioration due to postponed projects would ensure higher costs for those projects in the future in addition to service level reductions for county road users.

SB 149 places an increased burden on residential taxpayers

SB 149 proposes to reimburse commercial entities for property taxes. This would shift the overall burden onto the remaining tax base. In many counties, this would mean placing a greater burden on residential taxpayers to essentially reimburse property taxes to commercial properties. All the while, those residents could lose other services due to budget cuts, all while shouldering a greater property tax burden. This is inequitable.

SB 149 should not move forward in form or concept. KAC would ask this committee to reject SB 149.

Thank you for the opportunity to provide this testimony to the committee. Please let me know if KAC and its member counties can provide further assistance on this topic.

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