

To: Senate Assessment and Taxation Committee

From: Erik Sartorius, Executive Director

Date: March 9, 2022

RE: Neutral Testimony on Senate Bill 542

Good Morning, Madam Chair and Committee Members and thank you for allowing the League of Kansas Municipalities to offer neutral testimony on Senate Bill 542.

We want to take a moment and thank Chairwoman Tyson for her tireless work and dedication to this issue. We all agree that increasing the taxpayer's understanding of how property tax dollars are spent, and which taxing entities are levying what taxes, is a good thing. The sunset of the property tax lid in SB 13 was appreciated by cities. The lid had been decied by both local governments and taxpayer advocates, and it makes sense to replace it with additional transparency.

The League supports several provisions in this bill, such as the new language in Sect. 2(b)(4) requiring a roll call vote to exceed the revenue neutral rate and the sending of documentation of such action to the county clerk and the director of accounts and reports at the Department of Administration. Similarly, having this information available on the Department of Administrations website, per Sect. 2(g), will also foster greater transparency.

As the goal is to improve the transparency and function of the budgeting process, the League would suggest additional changes to that end. Namely:

- Changing the “revenue neutral rate” to a revenue neutral amount. In receiving the annual notice that is part of this process, the question from taxpayers is, “What does this mean to me?” SB 542 seems to anticipate this question with the addition in Sect. 2 (b)(2)(D) of listing the percentage by which the revenue neutral rate would be exceeded. If we are seeking to give people simple, understandable information, the actual dollar amount is much more preferable than the mill rate currently shown. This change would also eliminate the potential for errors in mill rate calculations, either due to mathematical mistakes or due to valuation changes.

- A “safe harbor” provision for clerical errors or actions outside the city’s control that jeopardize their revenue neutral rate/amount hearing and budget process. Cities experienced instances last year of the incorrect form being provided and used, and then later rejected by a county. Publishing errors for notices of hearings also caused issues. Our system of taxation provides opportunities for individuals and businesses to amend or “cure” tax filings. We believe a similar option should be available to local taxing jurisdictions.

Lastly, we strongly feel that Sect. 2(c)(2) on page 4 needs important clarifications. This section needs to:

- Be limited to individuals who actually are taxpayers in the taxing jurisdiction that is the subject of a complaint.
- Have a clear process ensuring all parties are adequately notified, including:
  - A means of confirming the complaint in lines 26-38 is actually sent to the taxing jurisdiction.
  - Specificity as to who is to provide notice of a summary proceeding or hearing seen in lines 33-35. A reasonable lead time for such notice, such as two weeks, should also be in place.

We would ask to work with the proponents of the legislation to come up with mutually agreeable solutions to further our common goals. We thank you for the opportunity to provide testimony today and ask to be included in the process moving forward as this important and necessary work moves through the legislative process.