



ADMINISTRATION DEPARTMENT

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February 8, 2021

Honorable Kansas State Representative Adam Smith
Chair, House Taxation Committee and Distinguished Members of the Committee

RE: House Bill 2142, Concerning Property Taxation; Relating to Reimbursement of Property Taxes, etc.

Chr. Smith and Distinguished Committee Members,

Thank you for the opportunity to provide written testimony as an opponent of this bill in its current form. House Bill 2142 will have numerous negative effects on counties, including Harvey County, and the following points are offered for your consideration:

- **Eliminates Local Control:** Throughout the COVID-19 pandemic Harvey County has been working to protect the health of our residents. Our staff has been working on the front lines performing case investigations, contact tracing, providing necessary PPE, and they are now working to distribute the COVID-19 vaccine. The 2020 legislature was very clear in its passage of House Bill 2016 that decisions related to the pandemic needed to be made at the local level, not the State level. Harvey County took the actions deemed necessary to protect the public health and welfare of our residents, and this bill financially penalizes the County for exercising local control during a pandemic.
- **Refunds Non-County Monies:** By statute, counties are the jurisdiction that collects ad valorem property taxes for all taxing jurisdictions and then distributes those tax dollars to the appropriate taxing entity. This bill would require Harvey County to provide refunds of not only the property taxes collected and distributed to the County, but also the property taxes distributed to other taxing entities. In turn, the County General Fund would be refunding tax dollars that it does not possess. For example, Harvey County collected \$9.2 million in commercial property taxes in tax year 2020, and \$6.8 million was distributed to other taxing entities.
- **Overly Broad:** The bill is overly broad in that it does not differentiate between a closure related to COVID-19 versus a closure for a code violation or another reason. In turn, this bill could incentivize a property owner to violate local codes in order to receive a property tax refund.
- **Negative Impact on County Services:** In Harvey County, the General Fund is the largest operations fund with a 2021 budget of \$18.1 million. The General Fund provides the resources for numerous statutorily required services including the \$8.2 million for public safety related services. If the bill

requires Harvey County to pay refunds of the \$6.8 million that was distributed to other taxing entities, it would undoubtedly lead to severe reductions in services to our citizens. Even paying refunds of up to the \$2.4 million the County did receive would require a 10 percent reduction in planned and budgeted services to offset the costs of the refunds.

- **Increased Burden on Residential Taxpayers:** The COVID-19 pandemic has created unprecedented impacts for individuals, businesses, non-profit organizations, and governments. One impact has been an increasing number of unemployed individuals. Another impact has been businesses struggling to stay open due to fewer customers leaving their homes to shop, dine, or procure various services. While the impacts have affected many, this bill would refund property taxes to commercial property owners, even though the services provided by County government continued during this time. Providing refunds to commercial property owners during a time when the demand for County services are not decreasing shifts additional tax burden to residential taxpayers, who like many of these commercial property owners have also been negatively impacted by the pandemic, but aren't receiving a refund.

In our view the negative effects of this bill greatly outweigh the benefits gained by a limited number of commercial property owners. For these reasons, we ask that the Committee not pass HB 2142 out of committee.

On behalf of Harvey County and its County Commissioners, thank you for your consideration.



Anthony Swartzendruber
Harvey County Administrator