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SHANNON FRANCIS

125TH DISTRICT

Thank you, Chairman Smith, and members of the tax committee,

For allowing me to testify in favor of HB 2815. As I talk to my constituents, I continually hear about the need for property tax relief. Most of the revenues from property taxes go to our local governments. To address high property taxes, we often tie local governments hands and make it difficult for them to address the needs of their constituents.

First this bill would lower the statewide 20 mill levy for K-12 education by 2 mills to 18 mills and makes it revenue neutral. This statewide mill levy is one of the few levers the state has to directly lower property taxes. This decrease would go directly to our constituents and benefit all classes of real property. K-12 education funding would be backfilled by other revenue sources of the State. By lowering this mill levy we benefit all real property taxpayers including commercial, agricultural, residential, and state assessed.

Second, it is revenue neutral, as property values increase the mill levy would decrease by the additional amount raised by previous years mill levy. Our local governments are required to have a hearing if their budgets are not revenue neutral for property taxes and this would put a similar burden on the state by making this funding source revenue neutral.

Thirdly, it would eliminate the statutory SGF transfers for local ad valorem tax reduction and the special city and county revenue sharing fund. These transfers have not been made since 2004. I was a county commissioner in 2004 and for my county this was devastating. I had just lowered our mill levy by 4 and we struggled to make ends meet. Regardless, it has been 20 years since these transfers were made and I support removing them from statute and directly giving tax relief to our constituents.

I do want to clarify one concern with this bill. It does not affect the current transfer of 33.63 percent of the state motor fuels tax to the Special City and County Highway Fund that local governments still receive. In 2022 this was over \$89 million.

Thank you for your consideration and I will answer your questions at the appropriate time.