



**House Committee on Taxation**

**Opposition to House Bill 2376- Modifications to Property Tax**

**Public Vote Requirement**

**Presented by Eric Stafford, Vice President of Government Affairs**

**Thursday, March 16, 2017**

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 2376 which significantly weakens the public vote requirement on property tax increases passed by the legislature in 2015, and further modified in 2016.

After the public vote requirement became law in 2015, we supported efforts last session to modify several tax lid provisions added during the conference committee process in 2015. The end result last year was what we believed to be a compromise between proponents and opponents, as Substitute for HB 2088 passed 37-3 in the Senate and 112-5 in the House.

Now before this committee, HB 2376 guts the protections put in place for taxpayers by the legislature granting them a greater voice over the unsustainable increases in property taxes. HB 2376 replaces the public vote as currently structured with a protest petition that must be signed by at least 10% of voters in order for the vote on property tax increases- beyond the rate of inflation- to take place.

According to a study conducted in 2014 by the Lincoln Institute of Land Policy, Kansas currently had the absolute worst effective tax rate in the entire nation on rural commercial properties. This study used the City of Iola as the test subject for the study in Kansas. Notably, the City of Iola was chosen for the study because it is a county seat and is an average sized rural city with an average property tax rate for the state.

The study found that a commercial property in the City of Iola would pay an effective tax rate of 4.26%, which is more than double the national average effective tax rate of 1.7%. This means that a commercial property owner in rural Kansas most likely pays property taxes that are more than double that of an average commercial property owner elsewhere in the nation.

For comparison purposes, our neighboring states of Nebraska (12th – 2.13%), Colorado (14th – 2.07%), Missouri (15th – 2.06%) and Oklahoma (43rd – 0.92%) all obviously rank better than Kansas on this study. The effective tax rate on rural commercial property in Kansas is anywhere from 100% and 361% higher than the effective tax rate in Nebraska and Oklahoma, respectively.

HB 2376 moves in the complete opposite direction from what the business community and taxpayers desire- which is a voice when local units of government attempt to increase property taxes higher than the rate of inflation. We respectfully ask for your opposition to House Bill 2376 and I am happy to answer any questions.



*The Kansas Chamber, with headquarters in Topeka, is the leading statewide pro-business advocacy group moving Kansas towards becoming the best state in America to do business. The Chamber represents small, medium and large employers all across Kansas.*