



Senate Committee on Assessment and Taxation
Opposition to Senate Bill 167- Repeal of Public Vote Requirement on
Property Tax Increases
Presented by Eric Stafford, Vice President of Government Affairs

Thursday, March 16, 2017

Madam Chair 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 Senate Bill 167 which repeals the public vote requirement passed by the legislature in 2015, and further modified in 2016, allowing taxpayers to vote when property taxes increase beyond the rate of inflation.

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.

The public vote requirement was put into place to give voters a voice when it comes to their ever-growing, unsustainable, property tax burdens. Property tax revenue collected by local governments in our state more than doubled from 1997 to 2014, going from \$774 million to \$1.7 billion, far exceeding rates of inflation and population growth.

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.



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.

In the Chamber's December 2015 Business Leader's Poll of 300 randomly selected businesses from across the state, 85% supported a vote of the people if property taxes are to increase more than inflation. 87% of respondents to this poll employ 10 or fewer people. It's clear the business community, especially small businesses who operate on narrow margins, supports the opportunity to vote on increases to their property taxes.

We share this data simply to make the point that the public vote requirement was added for the taxpayer's protection against an already high tax burden. SB 167 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 Senate Bill 167 and I am happy to answer any questions at the appropriate time.