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To: House Taxation

From: Trey Cocking, Deputy Director

Date: January 29, 2019

RE: Testimony HB 2063

Good Afternoon Mr. Chairman and Happy Kansas Day! Thank you for allowing the League of Kansas Municipalities to testify in support of HB 2063. Last year, the League and Kansas Association of Counties engaged the opponents of the original bill HB 2626 to develop a compromise to allow smaller units of governments to dissolve into a city or county; the compromise language is reflected in HB 2063. In addition, HB 2063 represents that compromise by adding the additional language, “so long as the levy increase does not exceed the levy of the dissolved taxing entity.”

The imposition of tax lid made it extremely difficult for a smaller unit of government to be dissolved into a city or county because there is not currently a mechanism to transfer the taxing authority of the smaller unit. Without being able to maintain the current funding levels, in most cases, it is not feasible for the larger unit of government to take on additional responsibilities. This bill is about less government, as this bill provides an avenue for an entity to be dissolved into a city or county resulting in a smaller number of governmental entities. The passage of HB 2063, over time, should result in less expense to taxpayers as administrative expenses will be reduced.

The League is aware of at least two instances where this bill would make it possible for one unit of government to be dissolved into a city. These dissolutions would not occur without the passage of HB 2063, since both boards levy property taxes, and the city cannot absorb the duties and responsibilities without taking on some of the taxing authority of the dissolved board.

The passage of this bill would be good news for taxpayers since the overall level of property tax should remain the same at first and, potentially over time, the levies will be reduced due to increased efficiency.

On behalf of the cities of Kansas, we thank you for the opportunity to appear before the committee today. We look forward to working with you to address this unintended consequence of the tax lid and ask you to place HB 2063 on the consent calendar and advance to the full House for consideration.