


FISCAL FOCUS

Budget and Tax Policy in  Perspective

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House Taxation Committee
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Legislative Testimony - HB 2150

Good morning Chairman Carlson and members of the Committee. On behalf of Kansas Action for Children (KAC), I would like to thank you for this opportunity to testify in opposition to HB 2150.

Kansas Action for Children is a not-for-profit child advocacy organization founded in 1979. For more than 30 years, KAC has worked with lawmakers on policy solutions that improve the lives of Kansas children and their families.

We have several concerns about HB 2150. First and foremost, it is unconstitutional to pass the policy contained in HB 2150 in a simple bill. The Kansas Constitution requires the Legislature to provide for the “uniform and equal basis of valuation and rate of taxation of all property subject to taxation.” Under HB 2150, the value of some properties would be artificially inflated (as in the case of property that is losing value in real terms) while other properties would be artificially suppressed (as in the case of property that is gaining value at a rate higher than 2%). Not only would this create a system where market value has no relationship to tax valuation, but it would also create a system that does not meet the standard of a “uniform and equal basis of valuation” as required under the Kansas Constitution. In order to legally adopt the policy in HB 2150, a Constitutional Amendment would be necessary. If lawmakers were to pass HB 2150, they would likely invite costly legal battles for the state similar to those recently experienced in the school finance litigation. In a year when agency budgets are being cut at an unprecedented rate, the State of Kansas cannot afford to adopt legislation that will end up in costly litigation.

Even if HB 2150 was Constitutional, we still have concerns about the impact its passage would have on Kansans whose property values are stagnant or decreasing. In particular, young families, seniors, veterans and Kansans living in rural areas would be taxed at a higher level. Because of the way the property tax works, if one group pays less than their fair share of taxes, every other group pays more. Under HB 2150, the group that would pay less than their fair share of taxes would be owners of property that is increasing in value.

The impact of HB 2150 would be apparent quickly after its passage. It would establish an unequal property tax system for Kansas homeowners and businesses and result in an unfair property tax burden for Kansas taxpayers across the state. However, the negative impact of this bill would worsen over time. In fact, one of the chief architects of “Proposition K,” Art Hall, admits that the issue of an unfair tax burden will “manifest in the longer-run.”

From all indications, HB 2150 is patterned after Proposition 13 in California. For those who have watched California struggle to pay for vital services by furloughing state employees and blocking income

tax refunds, this state hardly seems like a role model for good government and responsible fiscal policy. For this reason and because of the Constitutional problems and tax shifts contained in this policy, we urge your opposition to HB 2150.