



Since 1894

To: The Senate Education Committee
Senator Jean Schodorf, Chair

From: Mike Beam, Kansas Livestock Association

Re: **SB 450, written testimony with concerns regarding increased Local Option Budget (LOB) authorities.**

Date: March 7, 2012

The Kansas Livestock Association (KLA), formed in 1894, is a trade association representing over 5,300 members on legislative and regulatory issues. The livestock production sector is a property intensive industry and the increased reliance of property taxes for funding local government services is a significant concern to the KLA membership.

Madam Chair and committee members, thank you for allowing the Kansas Livestock Association (KLA) to submit these written comments regarding our concern with two provisions of SB 450. KLA's concerns relate to the potential for increased reliance of property taxes to fund education and the repeal of the provision [subsection (e), Section 2 (page 4)] requiring an election by the school district's eligible voters when the school district seeks authority to increase the local option budget (LOB).

As I understand SB 450, this bill increases the "state prescribed percentage" limit for LOB's from 31% to 33% in 2012-2013 and to 35% starting in the 2013-2014 school year. This 13% increase in LOB authority, if fully exercised by a school district, would shift the burden of funding education to property taxes.

According to the 2011 Supplement of the Kansas Tax Facts, 32% of the state and local taxes collected are from the general property tax. This is up from the 27% level in 1998, which is why our members are suggesting that property taxes are becoming a larger portion of state and local government funding. Since the bulk of the property taxes are used for education, we get uncomfortable with school finance funding proposals that allow for more LOB authority.

I anticipate proponents of SB 450 will urge this committee and the legislature to provide full funding for equalization of LOB state aid. While we don't have specific policy supporting additional funding for this purpose, we recognize that if such funding was provided it would lessen the impact of mill levy increases.

KLA also asks that the provision requiring a vote of the qualified voters in the district not be stricken as proposed in Section 2. There may be logic to increase the LOB public vote trigger above the current "in excess of 30%", but we ask that this safeguard remain in place if SB 450 advances.

Thank you for considering our views regarding SB 450. Please contact me if you have any question, suggestions, or concerns.

*Sen Ed
3-7-12
Attach #14*