



**Senate Select Committee on Education Finance
Written Testimony in Opposition to Senate Bill 422
Presented by Eric Stafford, Vice President of Government Affairs**

Tuesday, March 20, 2018

Madam Chair and members of the Committee, my name is Eric Stafford, Vice President of Government Affairs for the Kansas Chamber of Commerce. On behalf of the Kansas Chamber I appreciate the opportunity to provide testimony in opposition to Senate Bill 422 which by default raises property taxes on taxpayers in districts that are not at the 30% statutory cap for local option budgets.

The Kansas Chamber board-approved Legislative Agenda supports reductions in taxes to encourage investment and growth, not increase in taxes to sustain and maintain an appetite for spending. On the heels of a \$600 million tax increase according to last year's projections (actual numbers appear to be much higher), Kansas should not be considering any tax increases whatsoever. Discussions on finding efficiencies in government should be the focus.

Kansas is already a high tax-burden state. Below is a summary of where we rank nationally:

- Recently, the Wichita Eagle reported that Kansas has the 9th highest property tax on cars in the nation.
- Kansas has the 8th highest sales tax in the nation (state and local combined rate).
- Kansas has the 9th highest tax rate on cell phones.
- Kansas collects the 19th highest amount of income taxes collected per capita.
- Ranks 23rd for state and local tax burden.

Each year as the Chamber conducts its Business Leaders Poll, we ask which tax business owners think should be increased, decreased or stay the same. Property taxes showed the strongest level of support to reduce (4% increase; 61% decrease; 34% stay the same; 1% undecided), compared to sales (38% decrease) and income taxes (36% decrease). We must also point out that 74% say the government should cut spending before considering tax increases (10% Never Cut; 17% Cut Up To 5%; 18% Cut 6% - 10%; 13% Cut More Than 10%; 26% Never Raise Taxes; 16% Undecided).

SB 422 would exacerbate the already high property tax burden in our state, especially on commercial/industrial property, which according to the 2015 Lincoln Institute study on the property taxes for all 50 states, has Kansas listed as 9th in the Top 50 Commercial Property Tax category for a \$100,000 facility and 10th for a \$1,000,000 facility for urban property. Kansas ranks #1 in the nation for the highest rural commercial property tax burden in this same report and 3rd highest for rural industrial property.

Thank you for the opportunity to provide testimony in opposition to SB 422. I am happy to answer questions at the appropriate time.