



Local Ad Valorem Tax Reduction Fund Frequently Asked Questions

What is LAVTR?

LAVTR is short for Local Ad Valorem Tax Reduction. Under the Local Ad Valorem Tax Reduction Fund, a portion of sales tax dollars collected by the State of Kansas are supposed to be shared with city and county governments. It is a Kansas law broken by the Legislature for the past 20 years.

How are the LAVTR Dollars Used?

The funds are directly applied to lowering property tax levies. This time-tested partnership—started in 1937 and cancelled in 2003—provides dollar for dollar reductions in property tax bills.

How much has the Legislature cost Kansas taxpayers by not following the law and paying?

From 2004 through 2022, local governments have lost more than \$1.7-billion in legally owed LAVTR revenues withheld by Kansas Legislature. Every dollar would have gone to lowering property taxes for homeowners, business owners and other property owners. Restoring LAVTR payments will benefit every property taxpayer in Kansas.

Where do the LAVTR dollars come from in the first place?

The money comes from sales tax collected by the state. Since 1937 the Legislature agreed to share sales tax dollars with local governments with the express purpose of reducing reliance on property taxes to pay for such services as police and fire protection, parks, streets, jails, elections and many other services county governments are required to provide.

Why is the Legislature not paying the LAVTR money like the law requires?

Going back more than 20 years the State of Kansas, struggling with massive budget shortfalls, began slashing millions of dollars intended for local governments every year. Those cuts now total billions of dollars.

Is the Legislature withholding other money the law says they should pay local governments?

Yes. LAVTR is not the only promised and legally owed revenues not being paid to cities and counties. Kansas Legislatures have ignored state law by refusing to send more the \$3.5-billion in legally promised funds to local governments since 2001. In addition to not sending the Local Ad Valorem Tax Reduction dollars, the Legislature has broken its commitments by not funding the City County Revenue Sharing Fund (CCRS) and the Special City-County Highway Fund (CCRS).

What are CCRS and SCCHF?

The Special City County Revenue Sharing Fund was established in 1978 as part of an agreement between local governments and the State of Kansas. Local governments gave up collecting local cigarette and liquor taxes in exchange for getting a percentage of the money returned by the state. The Kansas Legislature has broken this contract since 2001 costing local governments more than \$1.3-billion in owed revenue.

The Special City County Highway Fund is another legally owed amount of money Kansas Legislatures have not paid since 2001. This money comes from the property tax on motor vehicles which is collected by counties. It is used to keep local streets and roads in good shape. Local governments have lost more than \$412-million in legally obligated funding as a result of Kansas Legislatures withholding these funds. Again, money which has to be made up through property taxes.

Are there other things the Kansas Legislature has done that increases our property taxes?

Yes. In 2006, the Kansas Legislature repealed the property tax on commercial/industrial machinery and equipment. That decision shifted the tax burden of paying for police, fire, street repairs and other services onto homeowners and small commercial businesses. And to make matters worse, after only one year the Legislature broke its agreement with local governments to help ease the severe sudden loss of those tax dollars no longer being paid on machinery and equipment.

In 2014, the Kansas Legislature eliminated the Mortgage Registration Fee. That fee, which had been enshrined in Kansas law since 1925, paid for government services the banking and lending industry used. The revenue helped fund parks and recreation programs. Elimination of the Mortgage Registration fee was another tax shift on everyday taxpayers. It's cost Kansas counties millions in lost revenue.

From the renewal of car tags to supervising offenders in the Community Corrections program, the State Legislature has consistently shirked its duties and dumped more work and cost onto local governments and their property taxpayers without financial reimbursement.

How much has all this cost everyday taxpayers?

The total dollars owed but not paid to cities and counties since 2001 is more than \$3.5-billion.

What can homeowners, business owners and other property owners do about this?

Talk to your local state legislators and the Governor. Tell Representatives and Senators they need to keep their promises regarding LAVTR and other local government funding because you as an everyday taxpayer are paying the price for those broken commitments. Urge them to start again paying those dollars in 2024.

Cities, Counties and the Legislature are partners in making Kansas a great place to live, work and play.

Tell them to Keep Their Promises and Restore the Partnership.