



CITY OF HUGOTON

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March 16, 2017

To: Chairman Steven Johnson and House Taxation Committee

From: Thomas G. Hicks, CMC, City Clerk, City of Hugoton

RE: Written Testimony in Support of HB 2376.

KSA 79-2925c, capping cities' and counties' ability to raise property taxes, will definitely result in the decline of services to the citizens of our community. With the loss of state funding from the State and Local Revenue Sharing and LAVTR, cities and counties basically only have sales taxes and property taxes to fund basic services. Limiting the ability to raise property taxes leaves no room for growth and will eliminate maintaining current levels of services.

Citizens are afforded the opportunity to appear before the governing body at a hearing as a part of the budget process to provide their input on the direction of property taxes. That process is sufficient and worked well for decades.

Now, that has been supplanted by KSA 79-2925c, requiring a very onerous and uncertain election process to raise property taxes above a "lid". Since valuations aren't available until July 1, the budget hearing must be held by August 15, and the adopted budget certified to the county clerk by August 25, the election requirement is essentially impossible to pull off. Providing longer time intermission between steps to accommodate an election will be a nightmare for county officials to prepare and disseminate tax statements in a timely manner.

The League of Kansas Municipalities' proposal to change the election requirement to be triggered by the filing of a "protest petition" is a good compromise. Those elected state officials who feel the need to become involved in the taxation policy of local governments have added another means to limit the increase of property taxes and the filing of a "protest petition" will give a clear signal to local governing bodies about its citizens' concerns. Local decisions are best made at the local level.

KSA 79-2925c's percentage limitation on increasing property taxes will not keep up with the increase in utilities, road materials, fuel (some years), health insurance, KPERS, and equipment replacement. Property taxes support general government, parks and golf course, police, streets, municipal court, and economic development. These are the services that will suffer. Equipment replacement and infrastructure, in particular, will be shelved.