



Date: May 9, 2017

To: Chairman Steven Johnson and the House Taxation Committee

From: Chairman Ed Eilert, Johnson County Board of County Commissioners

Subject: Written testimony in Support of House Bill (HB) 2424

I submit this testimony in support of HB2424 exempting employee benefits from the current “tax lid” law, specifically -

(G) increases in employer contributions for social security, workers compensation, unemployment insurance, health-care costs, employee benefit plans and employee retirement and pension programs, as these employee costs are essentially beyond the control of local governments.

The costs for social security, workers’ compensation, unemployment, and retirement funds are costs mandated to local governments. Unlike the State or even Federal Government, we cannot exempt ourselves from these programs nor defer payments.

The employer contribution rate for the Kansas Public Employees Retirement alone are projected to increase by seven percent over the next two years – well in excess of the projected growth in the Consumer Price Index.

Other benefit costs, such as health insurance, are also beyond the reasonable budgetary control of local government – being a product of the health experience of people (not just our employees) and the continuously rising costs of health care.

Attracting and retaining good employees is the key to effective services and managing costs. Providing the basics in employee benefits, including a reasonable retirement plan, allows local government to compete for highly skilled employees without paying too high salaries. Retaining those employees and avoiding turnover allows local government to control our costs. Hiring, training, and turnover of employees is a significant cost.

This bill can help us manage our budget by not placing these mandated, but very important costs under some unnecessarily restrictive limit.