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HOUSE COMMITTEE ON TAXATION HB 2424

Written Testimony in Support of HB 2424 on Behalf of the City of Shawnee
By Nolan Sunderman, Assistant City Manager
May 9, 2017

Honorable Chair and Members of the House Committee on Taxation:

One of the most significant policy decisions local governing body members make each year is the City's budget. This is not a task taken lightly and is based on several months of open discussions about how to use the annual budget to meet the City's long-term needs, goals, and strategic plans. It dictates the services the City can provide and shapes the future of the community and is voted on by those who are elected to serve and represent. Kansas has a long history of supporting local control as represented in the State's Constitutional Home Rule Authority.

The Shawnee Governing Body as part of their legislative program adopted the following statement regarding the tax lid:

Funding discretion and flexibility are key components of effective local fiscal management and local government responsiveness. Local government officials are elected by their residents to make decisions that best shape the future of their communities. Tax and spending lids impede local residents' ability to shape their own community through the election process. Additionally, local elected officials create plans for the long term viability of their communities. Any arbitrary cap on taxing or spending limits cities' ability to meet the needs of their own citizens. The City supports the repeal of the 2017 tax lid that limits local government decision making and effective representation of their constituents. Absent a repeal, the state-imposed property tax lid on local governments should be modified to replace the expensive and cumbersome mandatory election with protest petition provisions.

The City of Shawnee supports the addition of employee benefits from the property tax lid. This would include Social Security, health insurance, and employee retirement including KPERS contributions. Many of these costs, the City is legally required to fund and rates of inflation for these various types of items are not included. There is also a lack of exemptions for significant events like natural disasters including tornadoes and fires. The decision to use the Urban Consumer Price Index calculation which includes increases based on food, clothing, rent, etc. is also of great concern. Cities purchase asphalt and emergency service vehicles as well as healthcare for their employees.

Additionally, if this legislation is not significantly modified and the lid remains in place with a required election, it is important to recognize the impact on the City of Shawnee. Not only does it strip local governing body members of an important decision making tool in how to address the local needs, but several issues remain unworkable in its current



form. Overall, this an unworkable timeline given when budgets must be adopted, valuations and revised valuations come out and the length of time it takes to hold an election. Also, please consider the cost of having these elections. For the City of Shawnee, a citywide special election would cost an estimated \$120,000.

Based on these concerns, the City of Shawnee requests the committee uphold the tradition of local control in Kansas's representative democracy and absent a repeal of the property tax lid, an exemption for employee benefits is a positive step.

We want to thank you for your commitment on holding meaningful hearings on this topic. The City of Shawnee is encouraged with the direction of this bill. Thank you for your consideration.