



Date: May 9, 2017

To: Chairman Steven Johnson and the House Taxation Committee Members

From: Taggart Wall, city manager, Sterling

Subject: Written Testimony in Support of HB 2424

Thanks for all your work Mr. Johnson and Committee Members.

I regret not being able to be with you at the hearing. Truth is, I am just happy *this* bill regarding the tax lid has a hearing for us to at least discuss the local impact of the current tax lid.

I have been made aware of HB 2424 which includes language that is similar in nature to the previous tax lid law of the 1990s, "*(G) increases in employer contributions for social security, workers compensation, unemployment insurance, health-care costs, employee benefit plans and employee retirement and pension programs...*".

The current tax lid law does not allow communities to exempt items that can have large cost increases out of our control such as employee benefits like health insurance or KPERs retirement increases set by actuarially by the State of Kansas.

In straight math, the tax lid allows a City to increase tax receipts through valuation increases by the five year average of the CPI—this year that is 1.4%. For Sterling, that amounts to \$6,699! Think of how far \$6,999 can take us! I am somewhat sarcastic, because it is somewhat laughable for small towns. You know, in fact, two years ago our Governing Body LOWERED the mill levy—because our local professional staff and elected leaders thought it was the responsible thing to do and our valuations were positive. Now we are being told what to do with our budget and what is best for our communities?

In the face of a 27%, \$55,000 proposed health insurance premium increase, three years ago the City of Sterling was forced to change the health insurance benefit offered to our employees. We increased the employee share of deductibles, coinsurance, maximum out of pockets and the amount employees contribute to the plan. Each year thereafter we have further eroded the plan to stave of large increases totaling thousands upon thousands. You see, we do watch out for our local taxpayers—it is what our City staff and elected leaders believe in. For 2017, we budgeted a modest 6% increase in health insurance premiums which amounts to approximately \$17,000.

Remember, the \$6,699 increase allowed by the tax lid? In a year like this year where we increased maximum out of pockets AND had a 6.51% increase, that \$6,699 wouldn't be enough just for health insurance and we haven't even gotten to playground mulch, gravel for alleys, chemicals, asphalt, diving boards, paint, weed eaters, chain saws, mowers, broken windows.

As another example, if City of Sterling employee wages were increased by 1.4%, just the cost of *employer* contributions for social security, workers compensation, unemployment insurance, employee benefit plans and employee retirement and pension programs would be in excess of \$3,000. That is assuming no changes in required contributions such as workers compensation modification rate increases or employer contribution to KPERs. Again, remember the tax lid? Sometimes not enough.

The reality is that the receipts either come from somewhere or valuable programs and services must be taken away. This is not positive local decision making, this is negative local decision making. The current makeup of the law means we must negatively choose from now on what is not done—not what is positively improved.

These are programs and services that our community personally chose to undertake. We elected local leaders and we chose to improve our quality of life. That's local control. Things such as a swimming pool that is open all the way through Labor Day, or a community fireworks show that is second to none and brings in thousands to Sterling every year, a commitment to safe parks with valuable amenities for children and families. You see, we buy things like \$2,000 dollars worth of maintenance chemicals for the Veterans Memorial. But we choose to do this through our local elections—trusting our local professional staff and elected leaders to be looking out for our taxpayers.

In light of an opportunity to improve the tax lid law and make it more about positive local decision, I support HB2424.

Taggart Wall
City Manager