



Written Testimony in Opposition to SB316

To: Senate Assessment and Taxation Committee
From: Tom Robinett, Vice President of Public Policy and Advocacy
Overland Park Chamber of Commerce
Date: Wednesday, March 9, 2016

Chairman Donovan and Members of the Committee:

Thank you for the opportunity to submit written testimony in opposition to SB316 on behalf of the more than 800 business members of the Overland Park Chamber of Commerce.

Late in the 2015 Session, as the Legislature was struggling to pass a tax package necessary to address projected revenue shortfalls, the Senate added an amendment to its tax bill, S Sub for HB2109. That amendment prohibited local units of government from adopting appropriations or budgets that, with certain stated expenditure exceptions, include revenues from certain increases in property taxes that exceed the increase in the CPI from the previous year without the proposed increases being approved by the general electorate at the next regularly scheduled election or, in the alternative, by a mail ballot or other special election. In recognition of the very difficult logistical and timing problems presented by having to coordinate the local units' budgeting process with the requirement for adding such a question to a regularly scheduled election, the effective date of the provision was delayed until January 1, 2018 by the conference committee and included in the final tax package bill passed by the Legislature.

SB316 would exacerbate what is almost universally viewed by local units of government as well as our business members in Overland Park as bad policy that presents difficult, if not almost impossible, logistical hurdles by accelerating the effective date of the requirement from January 1, 2018 to July 1, 2016 and eliminating several of the exceptions contained in the new law for use of increased property tax revenue without the requirement for voter approval (e.g., to pay for the costs of

constructing new, or improvements to, certain infrastructure; certain road construction costs; judgments levied against the local unit of government; or costs to comply with federal or state mandates). While some argue that the delayed effective date and exceptions were only added to the original proposal last session in order to gain votes needed to pass the lid in the first place, it is equally as arguable that the lid itself was included only in order to get votes needed to pass the largest tax increase in Kansas history (an increase comprised largely of sales taxes), an increase that voters were not offered a corresponding opportunity to vote on. To further aggravate the inconsistency, the state's ability to benefit from increased revenue derived from property taxes, whether due to an increase in mill levy or assessed valuations, is specifically exempt from the property tax lid requirements.

As mentioned above, the timing involved in complying with the law's requirements is extremely challenging, at best. The property valuations used to determine the revenues that are expected to be received are typically not available to city and county governments until late June or early July. Budgets are then developed and published in early August and must be certified by August 25th. That process makes adding a property tax approval question on the ballot for an August election impossible and very difficult even for a November election. The option of a mail ballot or other special election, while available, does present the local unit (and burdens the taxpayer/voter) with a significant additional cost of such an election. To shorten the time available to the local units to determine the best and most efficient manner in which to comply with the property tax lid requirements by eighteen months, and resetting the new effective date at July 1, 2016, only a month or two from the point at which SB316 could become the law, is simply unreasonable and unnecessary, almost punitive in nature.

The property tax lid under current law represents an unwarranted intrusion on local control, and the authority vested in local officials elected by the voters to represent them by making decisions regarding the operation of their unit of government, including the power to raise and spend revenue. The voters have gone to the polls to make their choices, and have the opportunity at the next election to make a different choice if they disagree with the job that has been done by those previously elected. Artificial limitations placed on the authority of those elected officials to do the jobs for which they were elected, particularly when such limitations are imposed by other officials chosen by the very same electorate, impair the ability of those elected to do their jobs and place an additional layer of bureaucracy between the voter and the local officials that they elected.

Tax lids are simply bad public policy. All you have to do is look at Colorado to see that they do not result in the proclaimed benefits. They end up inhibiting economic

development because they often result in limiting the ability of local units of government to provide those amenities and services wanted by their taxpayers and demanded by businesses, both those already located in our community and wanting to stay and grow here as well as those looking to relocate here. They want good, well-maintained roads and other infrastructure, public safety, mental health and emergency medical services and other quality of life benefits. An unnecessary, cumbersome and costly restriction on the ability of local government officials to make the decisions that they are charged with when elected impairs the ability to plan while adding uncertainty, not only to elected officials but also to business executives, a critical element to economic development, job growth and business retention.

SB316 would only make a bad law worse. For the reasons stated above, we respectfully urge you to oppose the passage of SB316. Thank you for your consideration.