



SEDGWICK COUNTY BOARD OF COUNTY COMMISSIONERS

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Dear Chair Tyson, Vice Chair Peck, Ranking Minority Member Holland, and Committee members:

I am writing on behalf of the Sedgwick County Board of County Commissioners in support of HB 2396, with the caveat that a few amendments are necessary.

First, we request an amendment creating an exception for all debt service payments required pursuant to K.S.A. 10-101 *et seq.* The current version of the bill only creates an exception for tax revenues “dedicated to paying off a bond issuance that was approved by a vote of the electors.” A majority of general obligation bonds do not require a public vote. Without an exception for all bonds, this will most certainly result in a reduction in our county’s bond rating, which is currently AAA from S&P, due to repayment schedules becoming less stable and predictable. The effect of a rating reduction is increased cost to taxpayers due to higher interest rates.

Second, consistent with our county’s request in HB 2377 regarding the formula for the distribution of sales taxes, we request an amendment to the formula to distribute ASTRA funds in HB 2396 based on equalized assessed tangible valuations for both cities and counties. While the distribution language in HB 2396 is consistent with existing Kansas statutes, we believe the current distribution method is flawed in that it rewards local governments with higher mill levies by increasing the share of the ASTRA funds they receive. This creates an incentive to increase property taxes levied, rather than the intended goal of minimizing property taxes.

Finally, we request an amendment regarding protest petitions to ensure that the appropriate office handles such petitions in all counties by modifying, where appropriate, election duties assigned to the county clerk in HB 2396 to instead assign such duties to the county election official. While the county clerk is also the county election official in most counties, there are four counties, including our own, where that is not the case.

Aside from the above amendment recommendations, Sedgwick County supports the concepts in HB 2396. The ASTRA funds place incentives in place for municipalities to maintain growth in their budgets at or below inflation, while also providing a means for voters to veto a budget if a municipality decides to grow its budget in excess of inflation. Also, unlike appraised value caps, HB 2396 addresses the true driver of property tax growth, which is property tax levies.

Thank you for considering our testimony in this matter.

Sincerely,

A handwritten signature in blue ink, appearing to read "R. Baty".

Ryan Baty, Chairman

Board of County Commissioners of Sedgwick County