



Opposition to HB2396 with recommendations for how to improve this proposal.

I am Jim Benage, mayor of Bel Aire, KS

First, I want to say the City of Bel Aire works diligently to keep our property taxes low as we work to serve our citizens with police protections, roads, water, sewer, parks, and other services they desire from the city. We are one of the top ten safest cities in Kansas and we intend to keep it that way. Our mill levy has lowered every year for the past several years. We are committed to doing this regardless of whether this bill becomes law. We are honest with our taxpayers. We do not claim we are lowering taxes when the mill levy is reduced. We do say that it tempers the increase. Taxing and providing needed services is a balancing act. We have a duty keep taxes a low as possible while maintaining services.

I have included testimony from our bond council on how this bill can be negative in the bond market. That can be a huge additional cost to all Kansas taxpayers. Bel Aire's bond rating was just upgraded in the last year. Per our bond council this bill could lower that bond rating. Lower bond ratings result in higher interest rates to finance projects. Raising our overall cost which results in higher taxes. Please heed the advice of bond counsel.

There has been some talk about taxing jurisdiction having slush funds, hoarding tax revenues instead of spending the money. Our financial advisor recommends that Bel Aire retain a 20-30% reserve. This helps our bond rating. Not having this reserve lowers our bond rating. This is also a balancing act to keep reserves as low as possible yet get the bond investors confidence we can and will make our bond payments timely. These reserves are not slush funds; they are sound financial management.

The elephant in the room is the fact that this bill does not apply to schools but is touted as a way to reign in ever increasing property taxes. Schools account for 50% or more of the total property tax bill. When schools are exempt from this budgeting restriction, you just defeated half of what this bill is designed to accomplish. That is putting a check in place on rising property taxes.

A Proposed Draft Mark-up of this bill is included in this testimony, here is an explanation of each proposed change

New Section 1. (a) (2) This changes the threshold for the protest petition to 20% This protest petition overrides the decision of the elected body that these citizens elected to office. That is



an aberration of our representative form of government. Absent an actual vote, the protest petition needs to have a high bar.

Per the Sedgwick County Election Commission, the 2024 Presidential election had 7,039 registered voters in Bel Aire. 5,006 votes were cast. A 10% threshold is only 501 signatories to override the decision of the elected officials. That is just too low of a number. 1,002 is closer to what is realistic. Most of us are elected with about 1,000 votes, typically, I have personally received a much higher voter count than that but in our process council members are elected at large; they kind of all run against each other in the pack. Whereas the mayor is only running against one or two opponents and only one seat is available. The point is if we are going to give these petitioners the authority to override the decisions of those elected by these same citizens the threshold needs to be high. The 20% better matches the votes in local elections.

New Section 1. (b) (1) The bill, as passed by the house, neglected to define what period of what year to determine the rate of inflation. This defines that period as the 12 months ending in June of the current year.

This also defines this calculation as the “inflation valued budget” for calculations in New Section 1 (b) (2).

New Section 1. (b) (2)

First, this eliminates the so called “increase property tax revenues, in the current year...new construction”. This is a fictitious concept. These are new properties; they have no history of property tax revenues and the tax for the new year has not been established. That comes as part of the budgeting process.

Further this idea that these new properties have a tax revenue is rooted in the idea that assessed value determine the tax. That is simply not true. Assessed values are a tool to aid in establishing a fair tax across the taxing jurisdiction. See Testimony in Opposition to HRC5011.

Second, this section introduces a formula to account for increase populations. Growing cities cannot simply increase taxes by the rate of inflation and maintain services in police, roads, etc. The formula takes the increase in population into account in establish a fair and equity budget.

New Section 1. (c) This removes schools from being exempt from this budget formulation / petition override requirement. Schools currently have to abide by the RNR. This bill eliminates the RNR. As such, removing them from these restrictions is treating them as a different class from the other taxing authorities that impose property tax. Schools account for 50% or more of these property tax bills. Excluding them from this budget requirement defeats the purpose of

this bill. No sense of passing such a bill if schools are exempt. Tax payers will see this as just a gimmick.

One of the arguments heard from state legislators in the House committee hearing on this bill was legislators proclaiming that cities and counties promote that they are "holding the line on property taxes by keeping the mill levy flat." It was explained that although cities and counties are keeping the mill levy flat, it still creates an increase in property taxes. Bel Aire has NOT been doing this. However, it seems a bit contradictory that the state and school districts can, and most likely will, hold the line on the mill levy, but cities and counties cannot. The state's mill levy, as explained in the committee hearing on this bill, includes the 1.5 mill levy for the state but also includes the 20 mills for school general funds which are collected by school districts, sent to the state, and then redistributed to each school district according to the funding formula for base state aid. By exempting the state and school districts from this bill, it allows the state and school districts to capture 100% of all valuation increases. Although the state legislature highlighted that the state is creating a partnership with the cities and counties, it is pointing the finger at cities and counties as the sole culprit of property tax increases for all Kansan's although the city and county only make up 50% of the total mill levy for a property located in Bel Aire. This bill also hinders the state's budget, forcing the creation of the ASTRA fund and shifting \$60,000,000 in tax dollars from the cities and counties to the state just to send it right back to the cities and counties.

Section 5 Added a provision for legal publications to be on taxing jurisdiction's website if such jurisdiction has proper ordinances establish their website for legal publications.

Thank you for your time and consideration of this important legislation.

Respectfully Submitted,



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