

House Committee on Taxation

Hearing on House Bill 2212

Tuesday, January 24, 2012 at 3:30 p.m.

Written Testimony of Ron R. Fehr

City Manager, City of Manhattan, Kansas

Good afternoon Chair Carlson, Vice Chair Kleebe and Honorable Members of the House Taxation Committee. My name is Ron Fehr, and I am the City Manager for the City of Manhattan. I want to thank you for this opportunity to provide written testimony to the Committee.

The City of Manhattan opposes House Bill 2212 because it limits the Home Rule authority of cities to set their own levels of taxation. Constitutional Home Rule is the cornerstone of municipal government and should not be preempted by State action.

The City of Manhattan is currently in a sustained growth period due largely to the ongoing expansion and buildup at Fort Riley. By Fiscal Year 2013, the combined military and civilian workforce at Fort Riley is expected to grow to nearly 21,000 from a pre-BRAC baseline of 11,800. Our region is now designated as a Metropolitan Statistical Area (MSA) with the metro area including the principal city of Manhattan and the Counties of Geary, Pottawatomie and Riley, with a combined population of over 125,000 (2010 census).

Significant additions to public infrastructure and services are necessary to accommodate this growth. We are near to completing a major \$200 million public-private downtown redevelopment project. We have made major upgrades and expansions to our water and wastewater treatment plants. A new fire station and a replacement fire station are under construction. The Riley County jail expansion was completed last

year. Manhattan Regional Airport has daily jet service to Dallas and Chicago, and expansions are needed in the terminal and parking area to accommodate the increase in passengers. McCall Road, including its intersection with US-24, was upgraded to support growth along this commercial corridor and link to Pottawatomie County. These are just a few examples.

Just like the state legislature, our local elected officials are highly sensitive to the impact on property owners for any increases in the mill levy. Whenever possible, we have used non-property tax revenue sources, such as grants, utility fees, and sales taxes, to support infrastructure projects. Adjustments to the mill levy are always made based on the pressing needs of the community, and only after considerable discussion and public input.

We appreciate that HB 2212 exempts principal and interest payments, perhaps in recognition of the fact that the costs of growth do not always time precisely with the benefits of growth to the tax base. Without this exemption, the bill could have detrimental effects on our bond ratings and, therefore, interest rates. However, the bill ignores the operating realities of growth. For example, both the Riley County Police Department and the Manhattan Fire Department had to add personnel to staff the expanded jail and fire stations. If HB 2212 was in place, we would have been able to construct the facilities, but may not have had adequate flexibility to operate them. If the mill levy could not be expanded beyond "new growth," we potentially would have had to cut other municipal services to have capacity to hire public safety personnel. Municipalities should not have to face these difficult decisions if there is local support to raise the mill levy to meet our local needs and objectives.

Thank you for your consideration, and I would be happy to answer any questions. I may be reached by mail at City Hall, City of Manhattan, 1101 Poyntz Avenue, Manhattan, KS 66502, by phone at (785) 587-2404, or by email at fehr@ci.manhattan.ks.us.