THE CITY OF

MISSION HILLS

KANSAS

March 7, 2016

To: Chairman Marvin Kleeb, House Taxation Committee

From: Richard T. Boeshaar, Mayor

Subject: Written Testimony Supporting HB 2609

The City of Mission Hills is supports the proposed legislation being discussed today.

The Governing Body of the City of Mission Hills has worked tirelessly over the last 16 years to keep the mill levy flat. On only two occasions during that time period did the City raise its mill levy. In 2001, the City was suffering from an all-time high crime rate and made the decision to add an additional police officer and police vehicle, funding the additions with a mill levy increase. Since increasing our police presence the City has been recognized for having the lowest crime in the Kansas City metro area – a distinction our residents gladly fund. The only other mill levy increase was approved in 2004, in response to the State of Kansas eliminating the Local Ad Valorem Tax Relief (LAVTR) payments to local governments. Even with these two increases, the average annual growth rate of the City's mill levy from 1999 to 2015 was only 0.44%.

The City has benefitted from the annual growth in assessed valuation. While personal property taxes have and continue to trend negatively, the City's assessed valuation has grown at an average rate of 3.64% since 2001. Being able to absorb this growth has allowed the City the flexibility to react to infrastructure emergencies and the needs of our residents, especially in those years when the assessed value does not keep pace with inflation.

In addition to focusing on keeping the mill levy flat, the Governing Body has also worked to keep General Fund expenditures in check. Since 1999, our average annual growth rate in expenditures in the General Fund has been 4.41%, still higher than our average annual growth in assessed valuation. Included in that growth rate is our public safety budget for police

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services which has grown at an average rate of 5.26% and our capital improvement costs that are included in the General Fund. Construction costs in the Kansas City area continue to grow at a rate higher than the Consumer Price Index for all urban consumers (CPI-U) and the Municipal Cost Index (MCI). Since 1999, the CPI-U has had an average growth rate of 2.2% annually, while the MCI has been at 2.7% on average and the Construction Cost Index has been at 3.1%. The MCI is a more sustainable measure of inflation as it better reflects the price increases in the costs assumed by cities.

While the tax lid passed in 2015 certainly impacts our finances, additional restrictions being added to the bill would have an even more detrimental effect:

- Moving up the effective date would create an unmanageable situation if we were to need an election to accept an increase in assessed valuation above inflation, leaving no flexibility or alternatives for cities.
- Exemptions from the bill are essential for the cities to be able to manage their finances in a way that best fits their residents' and community's needs.

Thank you for the opportunity to provide testimony on this topic that is so very important to our city, and all cities in Kansas.

Respectfully submitted,

Richard T. Boeshaar

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Mayor