



Written Testimony in Support of HB2609

To: House Taxation Committee

**From: Tom Robinett, Vice President of Public Policy and Advocacy
Overland Park Chamber of Commerce**

Date: Wednesday, March 9, 2016

Chairman Kleeb and Members of the Committee:

Thank you for the opportunity to submit written testimony in support of HB2609 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, an amendment was added to the proposed tax bill. 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.

The Chamber opposed the inclusion of this property tax lid in the 2015 tax package; tax lids are simply bad public policy. Tax lids 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. Such 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.

The property tax lid under current law also 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.

Furthermore, 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.

Notwithstanding the Chamber's continuing opposition to the impending property tax lid from a policy standpoint, passage of HB2609 would improve the current law with respect to the lid in several ways. First, this bill changes that index upon which any proposed increase in property tax revenue is measured from the consumer price index to the municipal cost index, a much more targeted and accurate measure of the cost to local units of government of providing public services and amenities than the generic consumer price index.

Second, HB209 also improves upon the listing of exceptions from the property tax lid requirements for the use of increased property tax revenue without potentially triggering special voter approval. This bill retains those exceptions included in the 2015 law (with some new language to add clarity) and adds several new exceptions that address increases resulting from expiration of certain tax abatement districts as well as those potential, but unanticipated and uncontrollable, expenditures that may arise during the course of governmental operations. The Chamber suggests also considering

including language to ensure that increased property tax revenue attributable to population growth within the governing jurisdiction is exempted.

Third, while the Chamber supports the proposed change from an automatic triggering of the requirement for voter approval at an election to making such increases in excess of the municipal cost index subject to the protest petition process offers some practical relief to the local officials (i.e., as a practical matter, there will be fewer elections required as a result of a successful protest petition than by reason of the automatic trigger under current law), the uncertainty and lack of predictability valued not only by those local units but by business executives evaluating the desirability of Kansas as a state in which to relocate or continue to operate their businesses. The importance of predictability is also one of the strongest reasons for supporting the provision in HB2609 that permits the governing body of any city or county to use its home rule powers to exempt itself from the protest petition process under the bill.

For the reasons stated above, the Chamber respectfully requests that you support the passage of HB2609. Thank you for your consideration.