



The City of Lindsborg

Little Sweden, U.S.A.

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To: Chairman Marvin Kleeb, House Taxation Committee
From: Greg DuMars, Lindsborg City Administrator
Subject: Written Testimony Supporting HB 2609

Thank you, Chairman Kleeb and members of the House Taxation Committee . My name is Greg DuMars and I serve as the City Administrator of Lindsborg. I submit this testimony on behalf of Mayor Taylor and Lindsborg City Council in support of House Bill 2609.

This bill recognizes the need for flexibility to serve the needs and expectations of the citizens of the community. As a governing body, the Lindsborg City Council has been highly responsive to the needs and concerns of the citizens. As a case in point; in 2014, the National Citizen Survey was engaged to conduct a survey of the community to measure where the city was performing well and also to identify those areas where the citizens felt that improvement was needed. Infrastructure, in particular streets, was identified as one of the top three citizen priorities. In 2015, a street condition study was completed and a 20-year Street Maintenance Program was developed. To fully implement the new maintenance program a 4 mill increase in property taxes was necessitated. HB 2609 works to give local governments the flexibility to meet local citizen's expectations.

This bill recognizes that indexing property tax revenue to the consumer price index for all urban consumers (CPI-U) is extremely problematic. The goods and services that individual consumers purchase vary widely from the goods and services that municipalities purchase to serve the community. In 2002, a new ambulance was purchased for the Lindsborg Volunteer Emergency Medical Service which responds to over 600 calls per year. The purchase price of that ambulance was \$107,000. The ambulance is scheduled for replacement in 2017. Using the U.S. Bureau of Labor Statistics Inflation Calculator (<http://data.bls.gov/cgi-bin/cpicalc.pl>), the cost of that ambulance should be \$140,911.68. The 2016 cost for that replacement ambulance is \$175,000, not \$140,000. If the rate of cost increase held for 2017, that same \$175,000 ambulance would cost \$181,825. The municipal cost index is a more accurate reflection of the increases in the cost of municipality product and service expenditures.

The following chart shows the median home price, the average cost of new single family home construction and the total property tax revenue on a year-to-year comparison for the years 1999 – 2015. Comparing the average annual increase in the median home price to property tax revenue, property tax revenue has increased 1.36% greater than the median home price. But comparing the year-to-year average cost of new single home construction to the property tax revenue increase, the property tax revenue lagged 2.07% behind the average annual increase in single family home

construction cost.

CITY OF LINDSBORG						
Year	Median Home Price	Year to Year Increase	Average Cost of New Single Home Construction	Year to Year Increase	Property Tax Revenue	Year to Year Increase
1999	\$81,081		\$115,500		\$376,750	
2000	\$84,700	4.46%	\$124,800	8.05%	\$407,205	8.08%
2001	\$89,446	5.60%	\$121,700	-2.48%	\$430,208	5.65%
2002	\$91,780	2.61%	\$131,600	8.13%	\$457,713	6.39%
2003	\$70,072	-23.65%	\$142,700	8.43%	\$470,993	2.90%
2004	\$102,070	45.66%	\$142,200	-0.35%	\$498,756	5.89%
2005	\$99,139	-2.87%	\$167,800	18.00%	\$536,889	7.65%
2006	\$101,524	2.41%	\$160,000	-4.65%	\$591,295	10.13%
2007	\$105,480	3.90%	\$161,600	1.00%	\$662,498	12.04%
2008	\$118,751	12.58%	\$248,800	53.96%	\$751,452	13.43%
2009	\$103,013	-13.25%	\$248,800	0.00%	\$753,775	0.31%
2010	\$129,012	25.24%	\$166,700	-33.00%	\$760,627	0.91%
2011	\$115,484	-10.49%	\$167,700	0.60%	\$693,337	-8.85%
2012	\$125,974	9.08%	\$243,800	45.38%	\$711,875	2.67%
2013	\$126,755	0.62%	\$144,000	-40.94%	\$874,471	22.84%
2014	\$132,025	4.16%	\$180,000	25.00%	\$795,132	-9.07%
2015	\$134,900	2.18%	\$244,600	35.89%	\$865,586	8.86%
Average Annual Increase		4.26%			7.69%	5.62%

There are two significant factors that the chart does not illustrate. It does not show the impact of the loss of the local ad valorem tax reduction and the city/county revenue sharing that was eliminated in 2004. Nor does it show the machinery and equipment exemption impact beginning in 2007. The cumulative impact of these three revenue losses equals 4.134 mills of property tax to the City of Lindsborg.

This bill provides the ability to adapt to local community changing needs through the provisions of exemptions for activities under the tax lid. Those exemptions include principal and interest on infrastructure debt service, employee benefits, economic development, and public safety. This allow the locally elected governing body to serve their community in a manner that meets local expectations.

I respectfully ask that HB 2609 be approved by the Committee and grant local governing bodies the flexibility to make the decision for the communities by which they were elected.

Thank you for this opportunity to submit comments on House Bill 2609!