



March 7, 2016

To: Chairman Marvin KleeB, House Taxation Committee
From: Kathy Sexton, City Manager *KBS*
Subject: Written Testimony Supporting HB 2609

Dear Chairman KleeB:

The Derby City Council supports the changes to the tax lid law passed by the 2015 Legislature, as found in HB 2609. The exemptions proposed in this bill support local efforts in economic development and support responsible, locally-elected officials.

Please see the attached resolution passed unanimously by the City Council. Also attached is an editorial from *The Derby Informer* that you might find helpful as you grapple with the level of control over locally elected city officials you consider necessary or helpful.

We know from the California experience that tax lid laws often result in unintended consequences, including that (1) frequent elections create an uncertain business climate as businesses lose confidence in the ability of cities to provide infrastructure necessary to support business expansion, and (2) cities are encouraged to increase their debt, reduce maintenance of their infrastructure, increase other fees and taxes, and reduce quality of services.

HB 2609 will reduce the threats to economic development posed by the current law.

Thank you for your consideration of this pro-growth bill.

Attachments

RESOLUTION NO. 15-2016

WHEREAS, the 2015 Kansas Legislature passed Senate Sub. for HB 2109 imposing new requirements on cities and counties regarding referendum elections for routine budgetary decisions instead of elected city councils and county commissions determining their own budget and taxing matters; and

WHEREAS, the new law takes effect in 2018 and has yet to be determined by state and county officials how it will be implemented given its conflicts with current laws requiring:

- (1) cities and counties to approve their budgets by mid-August for the following fiscal year beginning January 1,
- (2) county clerks to provide assessed valuation estimates on July 1, and
- (3) county election officials to send ballots to military personnel overseas 45 days before an election; and

WHEREAS, new bills introduced in the current legislative session would move implementation up to July 1, 2016 but do not provide solutions to the three implementation problems indicated above; and

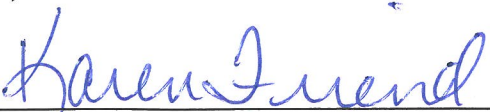
WHEREAS, structuring of a tax lid around the CPI for all urban consumers is not a realistic measure of inflation since cities and counties do not purchase the same items urban consumers purchase (The CPI-U gauges increases in food, apparel, rent, etc. Local governments purchase asphalt, police cars, professional and personnel services, and health care, which usually have very different rates of inflation), and the Legislature has not had an open and informed discussion about concerns with using the CPI-U and how economic growth could be affected when business developers and investors would no longer have certainty from cities and counties that infrastructure required to support new growth will be available;

THEREFORE BE IT RESOLVED BY THE GOVERNING BODY OF THE CITY OF DERBY, KANSAS:

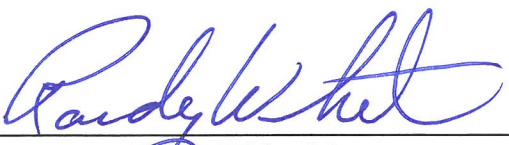
The City of Derby opposes amendments to the tax lid by the 2016 Legislature until after it first considers (a) how the 2015 law is to be implemented in concert with existing laws, and (b) how these additional restrictions on the ability of cities and counties to foster economic growth can be minimized.

PASSED by the City Council on the 23rd day of February, 2016, and **SIGNED** by the Mayor.

(Seal)



Karen Friend, City Clerk



Randy White, Mayor

OPINION

www.derbyinformer.com

2-24-16

Let's just not have a city government

BY JAKE TREASE

news@derbyinformer.com



**JAKE
TREASE**
Editorial

City staff, along with our elected City Council members, discussed an impending property-tax lid earlier this month that could be moving into effect even earlier if another bill passes through

the state legislature this session.

City Manager Kathy Sexton explained to the Council that the lid would essentially tie the city's hands and leave the budget – if a substantial increase in spending is deemed necessary – in the hands of us voters.

That seems like a great idea, doesn't it? I mean, we're the ones footing the bill through taxes; why shouldn't we get a say in whether or not an increase in city spending should happen?

In fact, why don't we take it a little further and decide on the entire budget ourselves. Shouldn't

the voters just decide on the whole thing?

But I suppose that could get messy as we get into the nitty-gritty of paying public safety departments and financing new infrastructure. I don't know about you, but I avoided mathematics like the devil does holy water.

So, instead of voting on the budget, why don't we just vote on educated, capable people to make these difficult decisions for us – maybe people who are OK at math or maybe have experience with public financing?

But what if we don't like their decisions, because that's bound to happen at some point, right?

Well, I suppose we could only allow those elected people to serve for a certain amount of time. Then, if they make decisions we don't like, we could just vote on someone else the next time around.

That seems best, because then, we don't have to make the crazy-complicated decisions, yet still have some control over who makes those decisions.

But how do we know who makes the decisions we don't like? Well, we could have those elected people meet in public so any of us voters could go

watch them anytime we want. We could also even get a record of how each of them make their decisions so we have a good idea of what we want in a candidate the next time around.

Or maybe, we really like how they made their decisions and we decide to keep them for another time around.

We could also go talk to them just before they make their decisions. For you voters who are really good at mathematics and such, you could maybe point out something you want to make sure those elected people see.

We could call it something like a public presentation, or an assembly. Or forum! I like that best – public forum. And we could make sure each person has a certain amount of time to say what they want to say about certain things, like the budget.

After thinking about this for a bit, this idea I've come up with is actually pretty similar to what Derby already has. I think I'll call it a representative democracy. In fact, I think a whole country could run on this system!

I think what this shows is while there is such a thing as voters not having enough say, there is also such a thing as voters having too much say.