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TO: Chairman Marvin Kleeb - House Taxation Committee
From: Jason A. Gage, City Manager
Subject: Written Testimony Supporting HB 2609

Request

Thank you for the opportunity to provide the City of Salina's position on HB 2609. We are very appreciative of your time to consider this written testimony. With that said, we respectfully request that you support the passage of HB 2609.

Bill Summary

This bill is intended to create reasonable exceptions and voter-oriented circuit breakers for local government property tax increases.

Concerns with the 2015 Tax Lid Legislation

- The following statement published (without a stated source) by the Kansas Association of Realtors (KAR) is factually incorrect and appears to be a purposeful distortion of information!

  From 1999 to 2013, the total amount of property tax revenues collected by Kansas cities and counties has increased from $859.4 million in 1999 to just over $1.6 billion in 2013, which is a total increase of over 90% during this time period. On average, Kansas cities and counties increase the property tax burden by 6.4% each year, which is over twice the rate of inflation and population growth.

- When following state law for calculating property taxes (K.S.A. 79-2925b), the City of Salina results are not near the KAR assertions and demonstrate a negative property tax impact for most years. Certainly, the state legislature can understand the importance of following its own statutory provisions which do not calculate the following for purposes of determining a property tax "increase": taxes directly associated with annexed property, a change in taxes associated with a change in property use, cost inflation, and the continual and significant negative trend of personal property tax collections. We believe that if property calculated, this overall negative trend will be found to be an accurate depiction by most other cities in Kansas as well. This means there is likely not a local property tax issue to address.
- Communities and neighborhoods with a healthy real estate market are typically characterized by: low crime, quality streets, well maintained utilities and quality neighborhood parks. Over time, this legislation will harm property value growth and

transaction volume by reducing necessary infrastructure maintenance, retarding infrastructure life and eventually requiring overly costly and premature reconstruction and replacement.

- The legislative process associated with the 2015 property tax lid law failed to: 1) provide a public opportunity for testimony, 2) provide a proper committee approach to working the bill; 3) provide adequate time for the public to have an opportunity to communicate with their legislators; 4) properly scrutinize information provided to them by an outside source; and 4) overall demonstrate a complete lack of transparency in the proceedings.

Reasons for Our Support

We believe this bill is good for Salina or other Kansas communities for the following reasons:

- The statutory fiscal year requirement for municipalities in Kansas is already awkward to work within. The tax lid timeline approved in 2015 simply will not allow cities to have reliable financial information to use in time to request a public election on the property tax in August. This bill alleviates that concern.
- HB 2609 provides very reasonable exceptions to the local property tax limitations and also includes a typical and proven protest petition circuit breaker that can be applied as desired by each community.

Requested Action

Due to serious concerns with the 2015 tax lid legislation and the common sense approach taken in HB 2609 to balance the needs of healthy cities with the property tax expectations of their property owners, we respectfully request that you <u>support</u> HB 2609.

Thank you for considering our testimony and request!

CITY OF SALINA

Year	Total Valuation	Change in Valuation	Tax Revnue	Change in Tax Rev.	% Change Tax Amt	CPI + Exemptions	CPI+Exemptions Allowed Increase	CPI + Exemption Tax Revenue	Difference bet. allowed and actual inc.	Exemption %
1997	212,651,043	11,722,580	5,772,414	238,192	4.13%	21.08%	1,216,825	6,751,047	(978,633)	0.1878
1998	235,356,923	22,705,880	6,081,748	309,334	5.09%	22.11%	1,344,735	7,117,149	(1,035,401)	0.21951
1999	253,082,253	17,725,330	6,416,832	335,084	5.22%	28.75%	1,845,096	7,926,844	(1,510,012)	0.26554
2000	264,923,433	11,841,180	6,694,612	277,780	4.15%	6.67%	446,731	6,863,563	(168,951)	0.03273
2001	285,401,468	20,478,035	7,020,875	326,263	4.65%	8.21%	576,484	7,271,096	(250,221)	0.05411
2002	299,196,219	13,794,751	7,289,916	269,041	3.69%	6.21%	452,922	7,473,797	(183,881)	0.04613
2003*	315,478,001	16,281,782	7,640,249	350,333	4.59%	6.48%	495,012	7,784,928	(144,679)	0.04179
2004	327,510,709	12,032,708	7,890,387	250,138	3.17%	5.81%	458,116	8,098,365	(207,978)	0.03106
2005	335,955,523	8,444,814	8,067,300	176,913	2.19%	6.00%	484,361	8,374,748	(307,448)	0.02604
2006	351,882,271	15,926,748	8,467,343	400,043	4.72%	4.29%	363,249	8,430,549	36,794	0.0109
2007	374,610,096	22,727,825	8,990,270	522,927	5.82%	5.43%	487,992	8,955,335	34,935	0.02628
2008	384,054,628	9,444,532	9,409,338	419,068	4.45%	4.20%	394,816	9,385,086	24,252	0.02496
2009	399,416,640	15,362,012	10,354,161	944,823	10.04%	3.04%	285,668	9,695,006	659,155	0.03436
2010	396,996,689	-2,419,951	10,276,905	-77,256	-0.75%	3.54%	366,951	10,721,112	(444,207)	0.01944
2011	402,842,437	5,845,748	10,415,491	138,586	1.35%	4.11%	421,867	10,698,772	(283,281)	0.00905
2012	396,415,495	-6,426,942	10,570,420	154,929	1.49%	3.66%	381,311	10,796,802	(226,382)	0.02061
2013	402,597,689	6,182,194	10,576,448	6,028	0.06%	3.84%	406,116	10,976,536	(400,088)	0.02342
2014	404,905,202	2,307,513	10,908,146	331,698	3.14%	4.10%	433,846	11,010,294	(102,148)	0.02502
2015	407,875,142	2,969,940	10,982,435	74,289	0.68%	2.07%	225,799	11,133,945	(151,510)	0.0082
2016	416,174,805	8,299,663	11,270,014	361,868	3.32%	2.24%	244,779	11,152,925	117,089	0.00994
				5,810,081			11,332,675		(5,522,594)	

* Between 2003 and 2004 the City lost $700,000 per year in State formula funding, at the behest of the Kansas legislature.