



Written Testimony in Support of HB2609

To: House Taxation Committee

From: Greater Kansas City Chamber of Commerce and the Civic Council of Greater Kansas City

Date: Wednesday, March 9, 2016

Chairman KleeB and Members of the Committee:

We are writing on behalf of the Greater Kansas City Chamber of Commerce and our more than 2,100 members, and the 75 CEO members of the Civic Council of Greater Kansas City to express support of HB2609 which we believe improves current statute that requires local governments to seek and receive voter approval on budgets that include revenues from increased property taxes that exceed the previous year's increase in the CPI. This tax lid places burdensome restrictions on local units of government and impedes the ability of local officials to serve the communities that elected them.

HB2609 would provide some relief for local governments in that it changes the instrument to measure inflation, changes the requirements for triggering an election to increase the ad valorem tax and adds exemptions in calculating the increase in the ad valorem tax and supports home rule authority.

Regarding the inflation rate changes, our organizations believe that the use of the Municipal Cost Index, which is a fixed weighted index using an average of the CPI-U, Producers Price Index and Construction Cost Index, will reflect a more accurate measure of the costs of items more commonly used by the local government.

We also support the addition of the exemptions that address increases resulting from expiration of certain tax abatement districts and unanticipated and uncontrollable expenditures that may arise during the course of governmental operations. These exemptions provide the flexibility for our local elected officials to be able to react to community needs for essential public services and to build the necessary infrastructure required in high growth areas. The exemptions will also allow local governments to be able to respond quickly to events outside of their control, such as natural disasters, above inflation increases in costs, or state or federal mandated costs.

Whether in discussions with corporate location executives or business leaders from the sectors that are driving economic growth in the Kansas City area, we are told that businesses and their employees seek vibrant communities with outstanding schools and higher education institutions to prepare the workforce of the future, modern and well-maintained infrastructure, attractive parks and other public spaces, and a range of other services and amenities that create a high quality of life. Businesses consistently rank such services and amenities as much higher concerns than tax rates, and look to local governments for assurance that a community will be able to consistently meet these expectations before investing in a location decision. Thus, the provision in HB2609 that permits the governing body of a local government to use home rule to exempt from the protest petition process helps to support predictability and a high quality of life that businesses demand.

In the interest of continuing the economic growth of our metropolitan area, we urge you to support HB2609. Rather than restricting the ability of local governments to make decisions about the communities they know best and have pledged to serve, we hope you will join us in seeking opportunities to strengthen collaboration between state, city and county leaders and supporting local government officials in representing the best interests of the citizens who elected them.

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