



March 3, 2016

To: Chairman KleeB and Members of the House Taxation Committee

Re: Tax Lid Legislation

Honorable Chair and Members of the House Taxation Committee:

Good day. My name is Jeff Vaught, and I am proud to serve my community and the City of Shawnee as a member of the city council. I take this responsibility serious and I feel it is my duty to ensure that my constituents receive the services and the quality of life amenities they expect and deserve. I am also President of The Vaught Group, a commercial real estate brokerage located in downtown Shawnee.

One of the biggest policy decisions that we as governing body members make is on the City's budget. Of the six budgets I have been a part of, two were during times that our City's valuation declined. And it wasn't until just this past year that valuations finally rose above 2007 levels. While difficult decisions had to be made during these times, much like you are experiencing now, not once during this period did we increase our mill levy. We spend an extensive amount of time going through presentations and spreadsheets. Our staff prepares 10 year forecasts and we use the budget as a tool to shape the future of our community. In our recent citizen survey, over 90% responded that they were happy to live in Shawnee, and the negatives we received weren't about too high of taxes, but of wanting better streets, curbs and gutters, and code enforcement. All things that cost money and require additional revenue.

There are several different proposals out there on modifying the current tax lid; the one that makes most sense to me is an outright repeal. For a bill that has the potential to hurt local governments, big and small, at such a magnitude, there should have been hearings, testimony, and debate. As we know that wasn't the case. This bill was driven by the Kansas Association of Realtors (KAR). KAR endorsed and lobbied for the bill as though they had the support of the entire real estate community. I can assure you that the nearly 14,000 Kansas real estate professionals had no input on this. Well over 50% of licensed real estate agents in Kansas are located in the Kansas City or Wichita metro, both areas that are adamantly opposed to this legislation.

Over the six years I have served on City Council I have seen how the decisions made at the state level impact the work we do on a local level. One for example, would be the Machinery and Equipment Property Tax Exemption. I'm not, nor was I ever, opposed to this bill, but it's important to understand the effect this bill had on local government. This bill took approximately \$1.5 million of known revenue, the equivalent of 2 mills, out of our budget. The unknown is how much additional we would have added. These revenue streams need to be made up elsewhere. In a budget our size, you don't just cut \$1.5 million without having a negative impact on services. Not having the ability to recover these revenue streams could be devastating.

Additionally, mental health services in our state are in jeopardy and cannot be ignored. The needs are seen every day by our public safety staff. We recently entered into an agreement with Lenexa and Johnson County Mental Health to start employing a shared co-responder for those calls we can identify as a mental health need. There have been additional discussions about setting up county crisis observation centers. If those plans move forward, adequate funding will be necessary. There is an obvious need, and with the budget cuts implemented by the state, the funding responsibility will be shouldered at a local level.

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Not only this, but our community is one that has been growing. In fact, Shawnee has ranked among the fastest growing communities in Kansas. From the year 2000 to present, Shawnee has increased its population from 48,000 to 65,000. While many will argue that growth should pay for growth, in high residential growth climates the requirement to provide infrastructure and arterial roads to developments comes at a cost. While the tax base will be increased over a period of years as the developments build out, the upfront costs to the city can be extensive, so much so that some local government politicians have lobbied to stop any new growth because of the costs to the city and concerns over funding those costs. To me, that doesn't seem to fall in line with the 'let's grow Kansas' objective.

While I write this letter out of concern for my community, I am equally concerned for other communities. As a 2014 graduate of Leadership Kansas, I learned firsthand the struggles of the smaller cities and towns across Kansas. I know that Garden City has experienced incredible growth, and much of the commercial and manufacturing growth is done with incentives. So I ask the question, would growth fueled by tax-incentives still happen with state mandated tax lids. I think it will stifle growth. And the even smaller towns? They don't have the ability to find the workarounds. This is something that could truly have a devastating impact on the small town budget and their ability to provide essential services.

One of the things that has made Kansas the great state it is, is local control - the ability for each and every community in Kansas to set its own destiny. The tax lid that was already in place is the voting booth. It has worked for many years as a means to control taxes, grow communities, and keep elected officials in check. The residents get to decide what kind of community they live in. In high growth communities like Lenexa, the residents have made it clear they want a high level of services and amenities and they are willing to pay for them. That should be their choice through the representatives they elect and not through the time and expense of a ballot initiative.

If you believe the tax lid is good legislation, then repeal it and let it come back to the legislature when it can be properly debated with input and testimony from those that it will affect the most rather than modifying existing law or worse yet accelerating its implementation.

Thank you for your time and consideration.

Sincerely,


Jeff Vaught

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