



House Bill 2609

Neutral

House Committee on Taxation

March 9, 2016

Written Testimony of Curtis S. Sneden, Vice President Government Relations Greater Topeka Chamber of Commerce

Chairman Kleeb and Members of the Committee:

While the Greater Topeka Chamber of Commerce has not chosen to support or oppose House Bill 2609, it appreciates this opportunity to express its opinion that this bill is an improvement on the “property tax lid” passed by the legislature last year and is certainly preferable to Senate Bill 316, which the Topeka Chamber does oppose.

The Topeka Chamber did not support the property tax lid in the first place. None of the Chamber’s over 1,000 business members wants to pay more taxes, property or otherwise. They understand, though, that if they are to prosper, they need to be doing business in a locale which is also prospering or which is at least attending adequately to public services and positioning itself to attract and respond to economic growth. The property tax lid will impede local officials’ ability to do that. It will preclude elected officials from performing their basic duty of assessing an appropriate levy to meet local budgetary needs. The Topeka Chamber opposes state laws, like this one, which limit a governing body’s ability to timely respond to local needs.

Because HB 2609 alters the property tax lid but does not remove it altogether, the Topeka Chamber is opposed in principle. However, the property tax lid is current law and, absent the likelihood of its repeal in the near-term, efforts to improve it as embodied in this legislation are certainly worthy of consideration. Perhaps most importantly, whereas the existing property tax lid presupposes that any increase in property tax expenditures without specific voter approval is objectionable, and this is the key infringement on local government to which the Topeka Chamber objects, HB 2609 creates a mechanism for electors to petition their city or county for an election to approve increased property tax expenditures in certain instances, presumably particularly egregious ones. This is an important substantive improvement over the existing property tax lid.



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HB 2609 also makes important changes to the list of spending and revenue categories which are excluded when determining whether property taxes are to be increased. These all have the effect of returning needed flexibility to local officials addressing, for example, federal mandates, expiring TIF districts and disasters. Finally, the change in the instrument used to measure inflation, from the vaguely described “consumer price Index” in the current law to the Municipal Cost Index is an improvement. This measure is designed to show the effect of inflation on the cost of providing municipal services so local officials can make better budgeting decisions. It is also a more precisely defined measurement. Consumer Price indices are available for the United States or for 26 local areas, for major groups of consumer spending (e.g. food and beverages, housing, medical care) or for items within each group and for two population groups: All Urban Consumers or Urban Wage Earners and Clerical Workers. Clearly, the reference in current law to “the consumer price index” does not provide state or local officials sufficient clarity as to which index governs their budgeting decisions. HB 2609 is an improvement.

As noted in testimony opposing Senate Bill 316, the Topeka community considers economic development and quality of life to be high priorities. Indeed, two thirds of its voters agreed in November of 2014 to continue a half cent sales tax in order to fund continued economic development, better roads and bridges and other community amenities. The net result of all this activity will eventually be a growing thriving local economy. Assessed property valuations are bound to rise. Under the property tax lid, even if this community’s efforts are an unqualified success, if the economy grows and property values increase, the City of Topeka and Shawnee County could both find themselves strapped with budgets too tight to enable them to provide all but the most basic services. The other types of services which enhance our quality of life, such as excellent roads, parks and bike trails, would almost certainly be sacrificed as these governing bodies struggled to work within outdated budgets. All of this could lead to the undesirable outcome of an economy which is growing but basic public services which are not allowed to keep pace.

Because we believe local officials are capable of making responsible spending decisions and being held accountable for them within the parameters of current law, we continue to oppose the property tax lid. The improvements to it embodied in HB 2609 have merit, however, and we respectfully urge your consideration of them.

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