



TESTIMONY OF THE KANSAS ASSOCIATION OF COUNTIES
ON HB 2609
MARCH 9, 2016

Chairman Kleeb and Members of the House Committee:

Thank you for the opportunity to submit testimony in support for HB 2609. As you know, the Senate passed a tax lid affecting cities and counties as a floor amendment on June 2, 2015 as part of the tax package intended to balance the state budget. The Senate tax lid went further than past tax lids implemented in the State of Kansas, as other tax lids at least provided exemptions from the tax lid. The senate version contained no exceptions, and it was the House that offered exemptions that ultimately became part of the law.

While we are adamantly opposed to a tax lid on cities and counties, we believe that HB 2609 captures provisions that were common to the Kansas tax lid that existed in the 1990s. Section (g)(2)(A) includes exemptions from the tax lid for items that were exempt from the former tax lid, such as principal and interest upon loans, bonds and notes, employer expenses, costs of district court and juvenile operations that counties run on behalf of the state, law enforcement expenses, mental health and intellectual disability services, and ambulance services. We also added other costs that we believe should be exempt from the tax lid, such as economic development items (tax increment financing, incentive programs) as well as emergencies and disasters. Many of these expenses added by HB 2609 are either unpredictable expenses that are not easily anticipated, or public safety issues that should not be subject to a tax lid.

While we realize that section (g)(4), which allows a city or county to use home rule to charter out of the tax lid, may bring consternation to those wanting to impose a tax lid on local government, it should be noted that such a provision existed in prior Kansas tax lids and is not a new concept. Section (g)(3) is likewise a provision found in the 1990s law.

We used the Municipal Cost Index (MCI) in place of the Consumer Price Index (CPI) in HB 2609 because the CPI is defined to mean "a measure of the average change in prices over time of goods and services purchased by households"ⁱ and does not relate to governmental spending. It is based on "prices of food, clothing, shelter, fuels, transportation fares, charges for doctors' and dentists' services, drugs, and other goods and services that people buy for day-to-day living."ⁱⁱ The Municipal Cost Index instead is designed to show the effects of inflation on the cost of providing municipal services. The MCI draws on the monthly statistical data collected by the U.S. Departments of Commerce and Labor as well as independently compiled data to project a composite cost picture for the municipal budget officer or operating department manager.ⁱⁱⁱ

The Kansas Association of Realtors will likely testify that there has been a 119% increase in property taxes since 1997. While gross numbers from 1997 to 2014 for counties and first-class cities support this conclusion, these numbers do not take into account smaller jurisdictions or

increases in valuation or new construction. Luke Bell's analysis starts with 1997 and intentionally picks up the end of the last tax lid and the end of demand transfers in order to exaggerate his numbers.^{iv} His averaging from that time period fails to show the ups and downs during that time period. After coming out from under the lid, there was a significant growth in the property tax rate; although the real reason is not known, one can assume that counties were playing catch-up on county needs that were ignored during the tax lid era. In 2000, the property tax growth was 7.07%, and in 2001 it was 11.00%, but by 2002 the rate had dropped to 4.38%.^v More interesting, in the last five years the rate of growth has been: .67% (2010), 3.82% (2011), 2.59% (2012), 3.37% (2013), and 3.28% (2014).^{vi}

The Kansas Association of Realtors portrays this legislation as an opportunity for the public to vote on tax increases. The KAR's argument for a public election is belied by a process outlined in the law that does not allow for an actual election. Proponents of this legislation compare it to local-option-budget elections for schools. However, one should note that schools get 20 mills in property taxes from the state, whereas cities and counties receive very little, if any, state support at this point in time. The comparison to an election on sales tax is not sound either, given that local governments currently can use property taxes to meet budgetary needs if the election on sales tax fails. We would note that sales tax increases for the State do not go to an election. As an alternative to the election, we have drafted HB 2609 to allow a protest petition to call an election.

Requiring a city or county to have an election on the tax lid misses the point that city and county officials are *elected* officials. The people of the community have already held an election to provide their input on the budget process: they elected their city and county officials to make those hard decisions. Kansans support smaller government and believe the government closest to the people is the best. Citizens want decisions made at the local level, not by the federal government or the state government.

Thank you for your consideration of our testimony, and we ask that you pass HB 2609.

Dan Woydziak, President
KAC Governing Board

ⁱ Bureau of Labor Statistics, U.S. Department of Labor, News Release dated Feb 19, 2016.

ⁱⁱ *Id.*

ⁱⁱⁱ *American City and County* website americiancityandcounty.com.

^{iv} The property tax lid was lifted in 1999, LAVTR and CCRS demand transfers ended in 2004.

^v Kansas Association of Counties, Dennis Kriesel, Director of Operations and Financial Services, 2015. Research based on county tax levy sheets.

^{vi} *Id.*

**2014 to 2015 Kansas County Tax Levies Comparison (Budget
Years 2015 to 2016)**

County	2014 County Tax Levies	2015 County Tax Levies	Levy Change from 2014	% Change from 2014
Allen	\$6,774,667	\$9,292,921	\$2,518,254	37.2%
Anderson	\$7,027,174	\$7,542,430	\$515,256	7.3%
Atchison	\$7,603,642	\$8,096,298	\$492,656	6.5%
Barber	\$7,445,668	\$6,090,349	(\$1,355,319)	(18.2%)
Barton	\$10,116,912	\$10,571,312	\$454,400	4.5%
Bourbon	\$5,743,846	\$6,085,900	\$342,054	6.0%
Brown	\$5,072,389	\$5,520,039	\$447,650	8.8%
Butler	\$22,401,001	\$22,936,868	\$535,867	2.4%
Chase	\$2,662,680	\$2,867,235	\$204,555	7.7%
Chautauqua	\$3,463,782	\$3,109,395	(\$354,387)	(10.2%)
Cherokee	\$7,162,218	\$7,330,855	\$168,637	2.4%
Cheyenne	\$4,451,014	\$4,690,412	\$239,398	5.4%
Clark	\$3,080,951	\$3,299,355	\$218,404	7.1%
Clay	\$5,918,442	\$5,974,134	\$55,692	0.9%
Cloud	\$5,681,356	\$6,632,756	\$951,400	16.7%
Coffey	\$21,394,169	\$24,709,052	\$3,314,883	15.5%
Comanche	\$4,892,772	\$3,639,232	(\$1,253,540)	(25.6%)
Cowley	\$9,949,132	\$10,709,863	\$760,731	7.6%
Crawford	\$11,496,433	\$11,840,549	\$344,116	3.0%
Decatur	\$2,795,277	\$2,875,103	\$79,826	2.9%
Dickinson	\$9,235,834	\$10,352,273	\$1,116,439	12.1%
Doniphan	\$4,999,326	\$5,414,534	\$415,208	8.3%
Douglas	\$48,283,327	\$49,673,828	\$1,390,501	2.9%
Edwards	\$3,744,907	\$3,835,624	\$90,717	2.4%
Elk	\$2,388,474	\$2,561,182	\$172,708	7.2%
Ellis	\$14,517,904	\$13,569,391	(\$948,513)	(6.5%)
Ellsworth	\$4,593,644	\$5,039,396	\$445,752	9.7%
Finney	\$20,658,806	\$18,965,572	(\$1,693,234)	(8.2%)
Ford	\$11,440,510	\$12,419,251	\$978,741	8.6%
Franklin	\$12,879,655	\$13,280,258	\$400,603	3.1%
Geary	\$13,950,051	\$15,891,547	\$1,941,496	13.9%
Gove	\$4,788,688	\$4,579,319	(\$209,369)	(4.4%)
Graham	\$5,296,612	\$4,439,479	(\$857,133)	(16.2%)
Grant	\$12,776,005	\$10,076,700	(\$2,699,305)	(21.1%)
Gray	\$5,114,119	\$5,102,136	(\$11,983)	(0.2%)
Greeley	\$3,934,061	\$3,695,246	(\$238,815)	(6.1%)
Greenwood	\$4,252,407	\$4,315,461	\$63,054	1.5%
Hamilton	\$5,215,142	\$5,251,422	\$36,280	0.7%
Harper	\$6,422,447	\$7,363,118	\$940,671	14.6%
Harvey	\$9,828,097	\$11,155,948	\$1,327,851	13.5%
Haskell	\$7,911,303	\$5,116,325	(\$2,794,978)	(35.3%)
Hodgeman	\$4,904,442	\$4,274,356	(\$630,086)	(12.8%)
Jackson	\$7,320,598	\$7,671,831	\$351,233	4.8%
Jefferson	\$10,612,974	\$11,309,740	\$696,766	6.6%
Jewell	\$5,046,744	\$5,726,264	\$679,520	13.5%
Johnson	\$143,616,350	\$168,356,961	\$24,740,611	17.2%
Kearny	\$9,916,285	\$9,971,729	\$55,444	0.6%
Kingman	\$6,626,008	\$6,864,419	\$238,411	3.6%
Kiowa	\$5,886,960	\$5,469,639	(\$417,321)	(7.1%)
Labette	\$7,419,676	\$7,900,828	\$481,152	6.5%

2014 to 2015 Kansas County Tax Levies Comparison (Budget Years 2015 to 2016)				
County	2014 County Tax Levies	2015 County Tax Levies	Levy Change from 2014	% Change from 2014
Lane	\$5,362,725	\$3,939,791	(\$1,422,934)	(26.5%)
Leavenworth	\$21,116,995	\$22,291,376	\$1,174,381	5.6%
Lincoln	\$4,525,148	\$5,973,778	\$1,448,630	32.0%
Linn	\$9,988,963	\$12,292,117	\$2,303,154	23.1%
Logan	\$3,941,883	\$3,568,044	(\$373,839)	(9.5%)
Lyon	\$16,219,633	\$17,961,177	\$1,741,544	10.7%
Marion	\$8,375,760	\$8,516,805	\$141,045	1.7%
Marshall	\$6,760,802	\$7,430,073	\$669,271	9.9%
McPherson	\$10,901,063	\$12,041,741	\$1,140,678	10.5%
Meade	\$4,152,000	\$4,217,077	\$65,077	1.6%
Miami	\$15,741,878	\$16,648,551	\$906,673	5.8%
Mitchell	\$6,625,430	\$6,848,424	\$222,994	3.4%
Montgomery	\$12,131,125	\$13,325,466	\$1,194,341	9.8%
Morris	\$4,887,492	\$5,204,722	\$317,230	6.5%
Morton	\$6,809,904	\$9,546,816	\$2,736,912	40.2%
Nemaha	\$6,882,338	\$7,027,725	\$145,387	2.1%
Neosho	\$7,764,628	\$6,424,999	(\$1,339,629)	(17.3%)
Ness	\$4,486,988	\$3,268,985	(\$1,218,003)	(27.1%)
Norton	\$4,743,548	\$4,761,054	\$17,506	0.4%
Osage	\$7,919,125	\$8,006,871	\$87,746	1.1%
Osborne	\$3,561,909	\$3,609,509	\$47,600	1.3%
Ottawa	\$6,146,801	\$6,036,523	(\$110,278)	(1.8%)
Pawnee	\$5,649,254	\$5,710,624	\$61,370	1.1%
Phillips	\$5,092,061	\$4,953,733	(\$138,328)	(2.7%)
Pottawatomie	\$12,555,424	\$13,609,448	\$1,054,024	8.4%
Pratt	\$7,665,819	\$8,219,097	\$553,278	7.2%
Rawlins	\$3,093,223	\$2,573,865	(\$519,358)	(16.8%)
Reno	\$21,786,815	\$23,059,431	\$1,272,616	5.8%
Republic	\$6,279,254	\$6,700,769	\$421,515	6.7%
Rice	\$6,360,953	\$6,537,683	\$176,730	2.8%
Riley	\$21,303,726	\$22,592,845	\$1,289,119	6.1%
Rooks	\$6,006,195	\$4,933,470	(\$1,072,725)	(17.9%)
Rush	\$4,828,565	\$4,599,947	(\$228,618)	(4.7%)
Russell	\$7,916,544	\$6,502,871	(\$1,413,673)	(17.9%)
Saline	\$20,460,266	\$21,000,381	\$540,115	2.6%
Scott	\$6,529,394	\$5,919,314	(\$610,080)	(9.3%)
Sedgwick	\$128,212,937	\$129,580,173	\$1,367,236	1.1%
Seward	\$9,133,466	\$10,192,894	\$1,059,428	11.6%
Shawnee	\$73,850,180	\$75,847,031	\$1,996,851	2.7%
Sheridan	\$4,121,963	\$4,253,245	\$131,282	3.2%
Sherman	\$4,660,327	\$4,635,396	(\$24,931)	(0.5%)
Smith	\$5,711,322	\$5,957,006	\$245,684	4.3%
Stafford	\$5,602,216	\$4,820,164	(\$782,052)	(14.0%)
Stanton	\$8,499,547	\$7,997,878	(\$501,669)	(5.9%)
Stevens	\$11,783,692	\$10,334,878	(\$1,448,814)	(12.3%)
Sumner	\$10,064,915	\$10,844,490	\$779,575	7.7%
Thomas	\$4,296,858	\$4,498,014	\$201,156	4.7%
Trego	\$5,332,850	\$5,018,899	(\$313,951)	(5.9%)
Wabaunsee	\$4,534,616	\$4,719,747	\$185,131	4.1%
Wallace	\$3,799,091	\$4,202,037	\$402,946	10.6%

2014 to 2015 Kansas County Tax Levies Comparison (Budget Years 2015 to 2016)				
County	2014 County Tax Levies	2015 County Tax Levies	Levy Change from 2014	% Change from 2014
Washington	\$6,130,900	\$6,548,822	\$417,922	6.8%
Wichita	\$3,643,257	\$3,697,615	\$54,358	1.5%
Wilson	\$5,094,241	\$6,226,629	\$1,132,388	22.2%
Woodson	\$3,816,822	\$3,643,062	(\$173,760)	(4.6%)
Wyandotte	\$42,289,633	\$44,220,716	\$1,931,083	4.6%
Kansas	\$1,223,867,345	\$1,276,551,633	\$52,684,288	4.3%