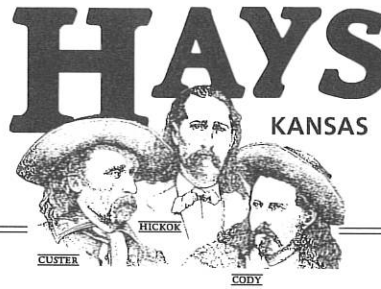


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CITY COMMISSION
EBER PHELPS, MAYOR
SHAUN MUSIL
JAMES MEIER
HENRY SCHWALLER, IV
LANCE JONES

March 4, 2016

Chairman Les Donovan
Senate Assessment and Taxation Committee

RE: Written Testimony Opposing SB 316

Honorable Chairman Donovan,

On behalf of the residents of Hays and the Hays City Commission, we respectfully oppose SB 316. Hays is a growing community. We feel this legislation will make it difficult for the costs associated with new growth to be supported with revenues created by that growth. As a result, services and infrastructure for all residents will suffer. In addition, we oppose the property tax lid for the following reasons:

- **The Timeline for an Election is Unworkable.** While many cities begin the budget process early in the calendar year, no "hard" numbers can be put together until a city receives its valuation estimates from the county clerk on July 1. Under this bill, cities would have to finalize their budgets by June 1 to have the proposed increase on the August ballot. Opponents argue a city could finalize its budget before it receives valuations, but that means citizens will not be fully informed of the taxes assessed to their property at the time a city holds hearings on the budget. Conducting a hearing and approving a budget before valuations are received on July 1 is impractical, unfair, and misleading to citizens who will not know how the budget affects their taxes.
- **Cities' Budgets will be determined by Out-of-Date Data and Pool Metrics.** Structuring a tax lid around the CPI for all urban consumers is not a realistic assessment. Cities do not purchase the same items urban consumers purchase. The CPI for all urban consumers gauges increases in food, apparel, rent, etc. Cities purchase items such as asphalt, snow plows, police cars, personnel services and health care, which require a different metric. Rates of inflation for these items are much different than a consumer "basket of goods." In addition, cities would have to base their budget off of outdated measurements. Under this bill, for example, cities would be required to use the 2015 CPI to calculate their 2017 budgets.
- **The Bill Erodes Our Representative Democracy.** Citizens elect mayors, councilmembers, and commissioners to make decisions for their city, including passing a budget that meets the community's needs. Removing the taxing authority from local officials, who were elected by their citizens, erodes the representative democracy that is the backbone of this great state and our country.
- **Property Tax Lids Create Uncertainty for Programs and is Not Business Friendly.** Requiring citizens to vote creates an uncertainty for programs and businesses, which in turn suppresses growth. Many developers have expressed a concern that the property tax lid will negatively affect economic development because of the uncertainty of whether the infrastructure required to support new growth will be available.

- **Cities' Bond Ratings will Face Downgrades.** Bond counsels are advising cities that their bond ratings will likely be downgraded if the state imposes a property tax lid. If a downgrade occurs, cities may have to spend more taxpayer money when incurring debt for large projects.

It is for all of the above reasons that we strongly urge you to oppose Senate Bill 316, which includes the removal of several exemptions and moves the effective date for implementation of the property tax lid. Thank you for your consideration.

Sincerely,

A handwritten signature in blue ink that reads "Eber Phelps". The signature is fluid and cursive, with the first name "Eber" and last name "Phelps" clearly distinguishable.

Eber Phelps
Mayor