CITY OF WICHITA

Testimony on SB 316 - Local Property Tax Lid

We strongly support the Kansas value of home rule that each community across the state is best suited to determine local priorities. This value was included in the Kansas Constitution, following a public vote. Local government is closest to the citizens themselves, and our citizens are heavily engaged in our budget process. Their elected leaders base city service priorities and property tax decisions on that participation. While we oppose any tax lid in principle we would ask that, if adopted, any such legislation be implemented fairly.

Our citizens expect fiscal responsibility, as determined locally. In spite of a number of financial challenges over the last 22 years, the City of Wichita has held the line on its property tax mill levy rate. Wichita has created an environment that has grown the tax base largely through new construction (and not reappraisal), has prioritized public safety outcomes, has kept overall spending very close to the overall CPI and the overall population growth rate, and has prudently added to reserves each of the last seven years.

As the largest city in Kansas, we recognize and respect that we are subject to the policy direction provided by the State Legislature. If you wish to determine local government priorities in Topeka rather than by local residents, we will abide by that directive. With over 80 percent of our budget funding public safety, parks and recreation, and infrastructure maintenance, there is too much at risk not to get the tax lid law just right.

Currently, the Legislature has prudently provided both state staff and local government officials three years to determine how to implement the lid's provisions. At the local level, we begin planning and involving our residents in the budget months prior to the August approval date. Approving an effective date of July of this year for a budget that must be completed in August is simply not fair to our residents. Accelerating implementation to the 2017 budget year, particularly since any such legislation may not even be approved until May of this year, does not provide adequate time for smart budget planning.

A tax lid that discourages the major rehabilitation of real estate within our community would be wrong. Not unlike many cities in Kansas, we take pride in expanding our tax base by encouraging investment in aging properties, particularly in the downtown area. We believe that using public funds to develop our infrastructure to serve our expanding tax base is prudent. We are concerned that the tax lid implemented by the 2015 Legislature, and some of the changes being considered now, would not be helpful to those objectives. If a tax lid is considered a state priority, we would ask that it allow market expansion of the tax base through the rehabilitation of existing property. We are working with the Realtors on this and expect to have an amendment to present for your consideration.

If the State agrees that the ability of local governments to financially plan and avoid potentially sudden and significant changes to public safety, we request that realistic implementation deadlines be considered. If encouraging infrastructure development is also a priority, we ask that the exemptions included by the 2015 Legislature be retained.

One need only look to our state motto – *Ad Astra per Aspera* – to know that we have a long history, reaching back through the turbulent times in which our state was created, of working together regardless of the challenges, solving problems together and doing what is right. We have faith in that legacy as Kansans, and respectfully ask that whatever the Legislature crafts be workable.