



133 W 8th St
PO Box 112
Russell KS 67665-0112
Phone: (785) 483-6311
Fax: (785) 483-4397

Date: March 16, 2017

To: Chairman Steven Johnson and House Taxation Committee Members

From: Jon Quinday, City Manager

Re: Testimony in Support of HB 2376

Dear Chairman Johnson and Committee Members,

The City of Russell strongly supports local control – government close to and responsive to the people. Our residents have elected officials capable of making good decisions with our community's values.

The governing body of the City of Russell has been, and continues to be, mindful of property tax burdens by making good decisions for their city, including passing a budget that meets the community's needs and values. Each year the governing body must weigh competing costs and benefits when it adopts the budget it believes is in Russell's best interests even in the absence of the Local Ad Valorem Tax Reduction (LAVTR) and County City Revenue Sharing (CCRS) programs. Over the past 13 years the legislature failed to fund \$1,068,557,147 owed to cities and counties through the LAVTR program determined by 3.63% of total state sales and use taxes. Additionally, in 2006, the Kansas Legislature exempted new machinery and equipment from property taxation. Knowing this would have a negative impact on local budgets; partial reinstatement of the LAVTR fund was included in the final bill. LAVTR payments were not received. CCRS payments totaling \$870,922,286 were not received during the same time period. However, costs to serve our community continue to rise; employee health care, road maintenance and replacement, and equipment to name a few.

KSA 79-2925(c), commonly referred to as the Property Tax Lid, caps cities and counties ability to raise property tax revenue up to 1.4% in their 2018 budget plus limited exceptions without a vote by the public. The election provisions – August primary election, November general election, special election, or mail-in ballot – are at the city's expense and the ability to inform the public of the need for an increase may be blurred or even lost in the partisan politics that can be associated with primary and general elections.

Replacing the current election provisions with a protest petition does not change the intent of the tax lid law, only the election process. The protest petition retains the taxpayers "voice" while allowing the city to have an opportunity to explain the need to increase the budget beyond the tax lid limits. Upon the receipt of a valid protest petition, the governing body is permitted to either call an election or adopt a budget that doesn't exceed the tax lid amount.

As we move forward, the Legislature is faced with difficult decisions and long hours of debate. I applaud those who work so hard to come up with solutions and represent their communities' values. At a minimum I urge the Legislature to support HB 2376 replacing the current election provisions within KSA 79-2925(c) with a protest petition that does not change the intent of the tax lid law and retains the taxpayers "voice", or as an alternative consider legislation that repeals the tax lid and replaces it with legislation that restricts county appraisers ability to raise or lower valuations by a certain percentage – aside from sales and major renovations – each year which is at the heart of taxes paid by property owners. Levy rates are directly tied to the rise and fall of property valuations.

I also urge the Legislature to honor their previously made commitment to reducing city and county property taxes through the Local Ad Valorem Tax Reduction and County City Revenue Sharing programs.